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November 21, 2013

MADIGAN: AT&T, SPRINT & T-MOBILE TO STOP BILLING FOR CELL PHONE 'CRAMMING' CHARGES

Chicago — Attorney General Lisa Madigan today joined with 44 other attorneys general to announce that three of the nation's largest mobile phone carriers – AT&T Mobility, Sprint and T-Mobile – will stop charging their customers for premium text messages and effectively put an end to practice of cell phone “cramming” that racks up unauthorized third-party charges on mobile customers’ accounts.

The announcement is a breakthrough in the fight by Madigan and other states to put a stop to cell phone cramming. Commercial Premium Short Messaging Services, or PSMS, accounts for the majority of third-party charges on cell phones and for the overwhelming majority of cramming complaints reported to Madigan’s office.

“This development is a major victory for consumers,” Madigan said. “Eliminating charges for premium texts will go a long way toward preventing scammers from illegally profiting by sneaking unauthorized charges onto our monthly cell phone bills.”

Cramming happens when third-party vendors use people’s phone numbers much like a credit card. Vendors add charges to phone bills for bogus products or services, such as celebrity gossip items, horoscopes and joke-of-the-day offerings, which consumers and businesses never requested – and never used. But because the charges are unauthorized, consumers rarely, if ever, detect the scam, allowing the scammer to illegally profit for months at a time.

Wireless cramming has become an emerging source of consumer fraud, much like it did on landline phones before the practice was banned in Illinois. In 2012, Madigan drafted and negotiated a law that banned unauthorized charges on landline phones, making Illinois only the second state in the nation to ban the practice on wired phone lines. But as more people use cell phones as their primary phones, scam artists are now migrating to wireless billing schemes, prompting the need for stronger consumer protections.

The Attorney General’s office has filed 30 lawsuits against crammers. Among the most glaring targets for these scams was cited in Madigan’s 2009 lawsuit against US Credit Find Inc., a Venice, Calif.-based operation, which crammed a Springfield public library’s dial-a-story telephone line.

Attorney General Madigan has been an outspoken advocate for a nationwide ban on phone bill cramming, having testified before the U.S. Senate Commerce Committee on the matter and calling on the Federal Trade Commission to address the growing problem of cell phone “cramming” as it conducts a national examination of trends involving unauthorized charges on mobile phone bills.

For more information on how to protect against phone bill cramming or to report being scammed, contact Attorney General Madigan’s Consumer Fraud Hotlines:

Chicago 1-800-386-5438
Springfield 1-800-243-0618
Carbondale 1-800-243-0607

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