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May 12, 2015

**MADIGAN: \$158 MILLION SETTLEMENT WITH SPRINT & VERIZON OVER WIRELESS PHONE BILL CRAMMING*****Attorneys General Settlements Over Scam Now Total \$353 Million***

**Chicago** — Attorney General Lisa Madigan today joined with her counterparts around the country, the U.S. Consumer Financial Protection Bureau and the Federal Communications Commission to announce settlements with Sprint Corporation and Verizon Wireless totaling \$158 million to resolve allegations that the companies placed third-party charges on their customers' cell phone bills, a practice known as "cramming."

Madigan, the other attorneys general, the CFPB and the FCC reached the settlement following reports of cramming from mobile customers who were billed for services by third-party companies that they never authorized or wanted, such as "premium" text message subscription services (PSMS) that sent customers horoscopes, trivia and sports updates for \$9.99 a month.

Cramming happens when third-party vendors use consumers' phone numbers much like a credit card. Vendors add charges to phone bills for bogus products or services, such as celebrity gossip items, horoscopes, trivia and joke-of-the-day offerings, that consumers and businesses never requested or authorized. But because consumers rarely, if ever, detect the scam, the scammers often illegally profit for months at a time.

"The protections set forth in these settlements will go a long way toward preventing illegal third-party charges from suspiciously appearing on mobile phone bills," Madigan said. "This settlement is another major victory for consumers."

Sprint and Verizon are the third and fourth mobile telephone providers to enter into a nationwide settlement to resolve allegations regarding cramming. Madigan has previously settled with AT&T for \$105 million and T-Mobile for \$90 million. All four mobile carriers announced they would cease billing customers for commercial PSMS in the fall of 2013. Wireless cramming has become a major consumer fraud concern, much like it did on landline phones before Madigan worked to ban the practice in Illinois.

Under the terms of the settlements, Sprint will pay \$68 million and Verizon will pay \$90 million, of which Sprint and Verizon must provide \$50 million and \$70 million in restitution, respectively. Sprint and Verizon will each distribute refunds to harmed consumers through redress programs overseen by the CFPB. Sprint must also pay \$12 million to the attorneys general and \$6 million to the FCC. Verizon must pay \$16 million to the attorneys general and \$4 million to the FCC.

Consumers can submit claims for restitution by visiting [www.SprintRefundPSMS.com](http://www.SprintRefundPSMS.com) and/or [www.CFPBSettlementVerizon.com](http://www.CFPBSettlementVerizon.com). The websites will provide information on how to submit a claim, find information about refund eligibility, and request a free account summary that details PSMS purchases on their accounts. For questions, visit the websites or contact the settlement administrators: for Sprint, (877) 389-8787 and for Verizon, (888) 726-7063.

The settlements ban Sprint and Verizon from the commercial PSMS business. It also requires the companies take a number of steps designed to ensure that the company only bills consumers for third-party charges that have been authorized, including the following:

- The carriers must obtain consumers' express consent before billing consumers for third-party charges, and must ensure that consumers are only charged for services if the consumers have been informed of all material terms and conditions of their payment;
- The carriers must give consumers an opportunity to obtain a full refund or credit when they are billed for unauthorized third-party charges;

- The carriers must inform their customers when they sign up for services that their mobile phone can be used to pay for third-party charges, and they must inform consumers of how those third-party charges can be blocked if the consumers do not want to use their phone to pay for third-party products; and
- The carriers must present third-party charges in a dedicated section of consumers' mobile phone bills, must clearly distinguish them from the carrier's own charges, and must include in that same section information about the consumers' ability to block third-party charges.

Attorney General Madigan has advocated for a nationwide ban on phone bill cramming, testifying before the U.S. Senate Commerce Committee and filing comments with the Federal Communications Commission. In total, the Attorney General's office has filed 30 lawsuits against phone cramers.

Assistant Attorney General Philip Heimlich handled this case for Madigan's Consumer Fraud Bureau.

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