



NEWS RELEASE

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South Dakota Joins in \$105 Million Mobile Cramming Settlement with AT&T Mobility

PIERRE, S.D – Attorney General Marty Jackley announced today that South Dakota has joined 49 States and the District of Columbia, the Federal Trade Commission, and the Federal Communications Commission in reaching a settlement with AT&T Mobility LLC. This \$105 million settlement resolves allegations that AT&T Mobility placed charges for third-party services on consumers' mobile telephone bills that had not been authorized by the consumer, a practice known as "mobile cramming." Consumers who have been "crammed" often complain about charges, typically \$9.99 per month, for "premium" text message subscription services (also known as "PSMS" subscriptions) such as horoscopes, trivia, and sports scores, that the consumers have never heard of or requested. The Attorneys General and federal regulators allege that cramming occurred when AT&T Mobility placed charges on consumers' mobile telephone bills for these services without the consumer's knowledge or consent. AT&T Mobility is the first mobile telephone provider to enter into national settlement to resolve allegations regarding cramming; AT&T Mobility was among the four major mobile carriers—in addition to Verizon, Sprint and T-Mobile—that announced it would cease billing their customers for commercial PSMS charges last fall.

"Mobile phone customers should not have to scour their monthly bills to ensure that it is free of unauthorized charges. This settlement provides consumers the ability to receive a refund of unauthorized charges and reassurance that future charges are for services rendered and set out by their provider and their original contract," said Jackley.

Under the terms of the settlements, AT&T Mobility is required to provide \$80 million in funds to be used to pay refunds to consumers who were victims of cramming. The fund will be administered by the Federal Trade Commission. AT&T Mobility also agreed to pay \$20 million to the Attorneys General and \$5 million to the Federal Communications Commission. The State of South Dakota will receive \$216,053.43 for its participation in the settlement.

Beginning today, consumers can submit claims under the AT&T Mobility cramming refund program by visiting www.ftc.gov/att. On that website, consumers can find information about how to obtain a refund. If consumers are unsure about whether they are eligible for a refund, they can visit the claims website or contact the Claims Administrator at 1-877-819-9692 for more information.

The settlement requires AT&T Mobility to stay out of the commercial PSMS business—the platform to which law enforcement agencies attribute the lion's share of the mobile cramming problem. Additional terms require AT&T Mobility to take a number of steps designed to ensure that it only bills consumers for third-party charges that have been authorized, including the following:

- AT&T Mobility must obtain consumers' express consent before billing consumers for third-party charges, and must ensure that consumers are only charged for services if the consumer has been informed of all material terms and conditions of their payment;
- AT&T Mobility must provide a full refund or credit to consumers who are billed for unauthorized third-party charges at any time after this settlement;
- AT&T Mobility must inform its customers when the consumers sign up for services that their mobile phone can be used to pay for third-party charges, and must inform consumers of how those third-party charges can be blocked if the consumer doesn't want to use their phone as a payment method for third-party products; and
- AT&T Mobility must present third-party charges in a dedicated section of consumers' mobile phone bills, must clearly distinguish them from AT&T Mobility's charges, and must include in that same section information about the consumers' ability to block third-party charges.