



# NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.  
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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## **FCC PROPOSES RULES TO HELP CONSUMERS IDENTIFY AND PREVENT "MYSTERY FEES" ON PHONE BILLS, KNOWN AS "CRAMMING"**

### *Proposals Aimed at Stopping Unauthorized Charges on Phone Bills*

Washington, D.C – The Federal Communications Commission today took action to protect Americans from "mystery fees" and "cramming," which is the illegal placement of an unauthorized fee onto a consumer's monthly phone bill.

Specifically, the FCC proposed rules that: (1) would require landline telephone companies to notify subscribers clearly and conspicuously -- at the point of sale, on each bill, and on their websites -- of the option to block third-party charges from their telephone bills, if the carrier offers that option; and (2) strengthen the Commission's requirement that third-party charges be separated on bills from the telephone company's charges. In addition, both landline telephone companies and Commercial Mobile Radio Service ("CMRS") providers, such as wireless telephone companies, would have to include, on all telephone bills and on their websites, a notice that consumers may file complaints with the FCC and provide the Commission's contact information for the submission of complaints.

These proposed rules would help landline telephone consumers detect unauthorized charges that may come from third parties by keeping all third-party charges separate from all telephone company charges, and would also help consumers block those charges. Most landline phone companies now allow consumers to block third-party charges, but may only tell consumers about that option after they have complained about an unauthorized charge. Because many consumers complain that it is difficult to get unauthorized charges resolved, the new rule on FCC contact information would let consumers know they can come to the agency for help if they need it.

In addition, today's *Notice of Proposed Rulemaking* seeks comment on several other measures that could help consumers detect, rectify, and prevent cramming. This *Notice* asks whether landline telephone companies should be: (1) required to offer subscribers the option to block third-party charges from appearing on their telephone bills; (2) required to notify consumers that they do not offer blocking service if they do not do so; (3) prohibited from assessing an additional fee for blocking services; and/or (4) prohibited from including third-party charges on telephone bills altogether. The *Notice* also seeks comments on whether landline telephone companies and/or CMRS providers should be required to: (1) provide accurate contact information for third-party vendors on their telephone bills; and/or (2) screen third parties for prior rule violations or other violations of law before agreeing to place their charges on telephone bills. Finally, the *Notice* seeks comment on whether the same rules that apply to landline telephone companies also should apply to CMRS providers and to providers of interconnected Voice-over-Internet-Protocol ("VoIP") service.

The proposed rules would strengthen the FCC's existing *Truth-in-Billing* rules, which were adopted in 1999 and amended in 2005. Despite these rules, the FCC's own complaint data, as well as data from the Federal Trade Commission ("FTC") and from state and local law enforcement and regulatory agencies, show that cramming remains a problem for landline telephone service and is an emerging problem for CMRS. And the complaint numbers likely understate just how widespread cramming is.

Most consumers don't know when there are crammed charges on their bills. Crammers often avoid detection by charging a small amount to each consumer — as little as \$1.99 per month — or describing charges in a manner that make them appear to be for services from the phone company, such as voicemail or web services. Unauthorized charges often go undetected for months or even years. A recent expert survey showed that only five percent of consumers who were impacted by a particular cramming company were aware of the monthly charges. Based on the same survey and state data, the FCC believes an estimated 15 to 20 million American households a year potentially have these mystery fees on their monthly landline phone bills. The FCC's proposed rules are designed to help consumers detect cramming by highlighting third-party charges on the bill; prevent cramming by using blocking options where they are available; and seek redress by complaining to the FCC if necessary.

The proposed rules are part of the FCC's Consumer Empowerment Agenda, which is focused on harnessing technology and consumer information to help consumers make informed decisions in the communications marketplace. Consumers can play a critical role in fighting cramming by regularly checking their telephone bills for unauthorized charges, disputing unauthorized charges, reporting instances of cramming to the FCC, and using the blocking service offered by their telephone company. Consumers also can urge their telephone companies to provide blocking if it is not already available.

The *Notice* is part of a larger effort to combat cramming. The FCC recently approved a settlement with Verizon Wireless over "mystery fees" totaling over \$50 million that were placed on bills by Verizon itself. (Not all cases of cramming involve third parties.) Under the settlement, Verizon Wireless agreed to refund the overcharges to its customers and made a \$25 million voluntary payment to the U.S. Treasury. Last month, the FCC issued four Notices of Apparent Liability proposing \$11.7 million in forfeitures against four telecommunications companies that appear to have engaged in widespread cramming. Similarly, the FTC has been aggressively pursuing third parties who engage in cramming and has won several judgments in court. In addition, the Senate Committee on Commerce, Science, and Transportation, under the leadership of Senator John D. Rockefeller IV, has been investigating cramming.

The Commission has prepared a Consumer Tip Sheet and other documents that provide information about cramming and how consumers can protect themselves. These documents are available on the FCC's website, [www.fcc.gov](http://www.fcc.gov).

Action by the Commission July 12, 2011, by Notice of Proposed Rulemaking (FCC 11-106). Chairman Genachowski, Commissioners Copps, McDowell and Clyburn, with Chairman Genachowski and Commissioner Copps, McDowell and Clyburn issuing separate statements.

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CG Docket No. 11-116

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**FCC CONSUMER TIP SHEET:** <http://fcc.us/crammingfacts>  
**FCC INFOGRAPHIC ON CRAMMING:** <http://fcc.us/crammingviz>  
**ONE-PAGE BACKGROUND SHEET:** <http://fcc.us/cramming1pgr>

