



**STATEMENT OF
P. MICHELE ELLISON
CHIEF, ENFORCEMENT BUREAU
FEDERAL COMMUNICATIONS COMMISSION**

May 8, 2012

Every day, millions of Americans—many from our most vulnerable minority and immigrant communities—rely on prepaid calling cards to stay in touch with family and friends around the world. Sadly, these consumers often don't get what they paid for. So, thank you, Consumer Reports, for bringing further attention to the problems in the prepaid calling card market.

The FCC is committed to strong, consistent enforcement action in this area. We have sent a clear message that misleading consumers doesn't pay and won't be tolerated. Over the last nine months, the FCC has taken aggressive enforcement action, proposing \$25 million in penalties against five prepaid card companies.

In each case, we found a disturbing trend—the use of redundant fees, “fine print,” and vague descriptions that could cause prepaid cards to be exhausted after only a tiny fraction of the advertised minutes had been used. For instance, in one case, a card advertised hundreds of minutes, but what the unsuspecting consumer didn't know is that a caller could only get all of those minutes by making a single 13-hour call.

As I said when we took the first enforcement actions last summer, prepaid card providers should re-evaluate their business and marketing practices consistent with our Enforcement Advisory.

I am encouraged by the recent formation of an industry association that may develop best practices in this area. Nevertheless, the FCC's Enforcement Bureau will remain vigilant in its pursuit of those who seek to mislead and deceive consumers. We will diligently pursue new investigations of past misconduct. And, we will not hesitate to take additional enforcement action where warranted.

We want to hear from you. Anyone who uses a prepaid card that does not deliver as advertised or that includes hidden charges and fees should contact the FCC by telephone, the Internet, or mail. Today, we also issued another Enforcement Advisory with a Consumer Alert (attached) urging consumers to be smart and selective about prepaid calling card purchases. In addition, our consumer guide (in English and en español) and tip sheet on prepaid cards, which I've shared with Consumer Reports, list simple steps consumers can take to identify, prevent, and help fight deceptive marketing of prepaid cards.

Together, we can bring an end to predatory, prepaid calling card schemes.