

**Before the  
Federal Communications Commission  
Washington, DC 20554**

|  |   |                              |
|--|---|------------------------------|
| In the Matter of                         | ) |                              |
|  | ) |                              |
|  | ) | File No.: EB-TCD-14-00016545 |
| Sprint Corporation                       | ) |                              |
|  | ) | Account No.: 201532170013    |
|  | ) |                              |
| Unauthorized Third-Party Billing Charges | ) | FRN: 0022117618              |
|  | ) |                              |

**ORDER**

**Adopted: May 12, 2015****Released: May 12, 2015**

Chief, Enforcement Bureau:

1. The Enforcement Bureau (Bureau) and Sprint Corporation (Sprint) have entered into a Consent Decree as part of a global settlement totaling \$68,000,000 in payments and restitution to consumers. This Consent Decree resolves allegations that Sprint charged consumers for third-party products and services that the consumers did not authorize, a practice that is more commonly known as cramming. Sprint provides mobile voice and data services to consumers throughout the United States. Sprint bills its customers not only for its own voice and data services, but also for the products and services of third parties. Until at least February 2014, Sprint included charges for third-party Premium Short Message Services (PSMS) on its customers' telephone bills. PSMS charges included services such as monthly subscriptions for ringtones, wallpapers, and text messages providing horoscopes, flirting tips, celebrity gossip, and other information. The charge for these types of subscriptions ranged from \$0.99 to \$14.00, but typically was \$9.99 per month. As compensation for its services, Sprint received approximately 35% of collected revenues for each PSMS charge.

2. Sprint's practices generated a number of complaints from consumers who contended that they never authorized the PSMS charges that showed up on their bills. For example, in three months in 2013, Sprint issued over 30,000 PSMS refunds to thousands of wireless customers who stated that they had never requested or authorized the PSMS services for which Sprint charged them. However, some of these customers complained that Sprint would offer only partial refunds, or only refund charges for two months even if the customer had been charged for unauthorized charges for much longer.

3. The Bureau has investigated these matters and contends that Sprint violated the law by engaging in an unjust and unreasonable practice of billing consumers for products or services they had not authorized. To resolve the Bureau's investigation, and as part of the global settlement reached with the Consumer Financial Protection Bureau and Attorneys General of the fifty States and the District of Columbia, Sprint will provide a total of \$68,000,000 in payments and funds for consumer redress. Specifically, Sprint will pay \$50,000,000 to fund a consumer redress program to provide refunds to its customers who were charged for unauthorized third party services, \$12,000,000 to the fifty states and District of Columbia participating in the settlement, and \$6,000,000 in fines to the United States Treasury. The Consent Decree will also, among other things, prohibit Sprint from charging customers for third-party PSMS products or services; require Sprint to develop and implement a system to verify third-party charges via consumers' express informed consent before charges are placed on bills; require Sprint to

block third-party charges for free when a customer requests a block; help customers identify unwanted charges by implementing a system to provide separate purchase confirmations for third-party charges, and place clear descriptions of such charges in a dedicated section on customer bills; designate a senior corporate manager as a compliance officer; implement a training program to ensure customer service personnel resolve customer complaints about unauthorized third-party charges; and report on its compliance with the terms of the settlement for six years.

4. In this Order, we adopt the attached Consent Decree entered into between the Bureau and Sprint. The Consent Decree terminates the investigation initiated by the Bureau regarding Sprint's compliance with Section 201(b) of the Communications Act of 1934, as amended, 47 U.S.C. § 201(b).

5. The Bureau and Sprint have negotiated the terms of the Consent Decree that resolves these matters. A copy of the Consent Decree is attached hereto and incorporated by reference.

6. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest would be served by adopting the Consent Decree and terminating the referenced investigation.

7. In the absence of material new evidence relating to this matter, we conclude that our investigation raises no substantial or material questions of fact as to whether Sprint possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

8. Accordingly, **IT IS ORDERED**, pursuant to Section 4(i) of the Communications Act of 1934, as amended, 47 U.S.C. § 154(i), and the authority delegated by Sections 0.111 and 0.311 of the Commission's rules, 47 C.F.R §§ 0.111, 0.311, that the attached Consent Decree **IS ADOPTED**.

9. **IT IS FURTHER ORDERED** that the above-captioned matter **IS TERMINATED**.

10. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent by first class mail and certified mail, return receipt requested, to John D. Adams, Counsel, Sprint Corporation, McGuireWoods LLP, 2001 K Street NW, Suite 400, Washington, DC 20006-1040.

FEDERAL COMMUNICATIONS COMMISSION

Travis LeBlanc  
Chief, Enforcement Bureau

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**CONSENT DECREE**

The Enforcement Bureau of the Federal Communications Commission and Sprint Corporation, by their authorized representatives, hereby enter into this Consent Decree that resolves and terminates an investigation into Sprint's compliance with Section 201(b) of the Communications Act of 1934, as amended.<sup>1</sup>

**I. DEFINITIONS**

1. For the purposes of this Consent Decree, the following definitions shall apply:
  - (a) "Account Holder" means any individual or entity who is or was responsible for paying all charges associated with all lines on that individual's or entity's Mobile Phone Bill or Prepaid Account with Sprint.
  - (b) "Act" means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
  - (c) "Adopting Order" means an order of the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
  - (d) "Block" means a restriction placed on a Consumer's account that prevents one or more lines from being used to purchase Third-Party Products and from being charged for Third-Party Charges on a Consumer's Mobile Telephone Bill or Prepaid Account.
  - (e) "Bureau" means the Enforcement Bureau of the Federal Communications Commission.
  - (f) "CFPB" means the Consumer Financial Protection Bureau.
  - (g) "CFPB Settlement" means the Stipulated Final Judgment and Order filed by the CFPB and Sprint in the U.S. District Court for the Southern District of New York to resolve the concurrent investigation by the CFPB regarding Unauthorized Third-Party Charges.
  - (h) A statement is "Clear and Conspicuous" if it is disclosed in such size, color, contrast, location, duration, and/or audibility that it is readily noticeable, readable,

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<sup>1</sup> 47 U.S.C. § 201(b).

understandable, and/or capable of being heard. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement materially modifies, explains or clarifies other information with which it is presented, then the statement must be presented in proximity to the information it modifies, explains or clarifies, in a manner that is readily noticeable, readable, and understandable, and not obscured in any manner. In addition:

- i. An audio disclosure must be delivered in a volume and cadence sufficient for a Consumer to hear and comprehend it;
  - ii. A television or Internet disclosure must be of a type size, location, and shade, and remain on the screen for a duration sufficient for a Consumer to read and comprehend it;
  - iii. Disclosures in a print advertisement or promotional material, including, but without limitation, a point of sale display or brochure materials directed to Consumers, must appear in a type size, contrast, and location sufficient for a Consumer to read and comprehend them; and
  - iv. A text message disclosure must be of a type size and format so that consumers can notice, read, and comprehend the message on their mobile device.
- (i) “Commercial PSMS” means the use of PSMS to charge for Third-Party Products.
  - (j) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
  - (k) “Communications Laws” mean the Act, the Rules, and the published and promulgated orders and decisions of the Commission to which Sprint is subject.
  - (l) “Compliance Plan” means the compliance obligations, program, and procedures described in this Consent Decree at Paragraph 15.
  - (m) “Consumer” means a current or former Sprint Account Holder or other authorized subscriber for which Third-Party Charges are or were placed on the Consumer’s Mobile Telephone Bill or Prepaid Account, whether that person is the individual responsible for paying the Mobile Telephone Bill or Prepaid Account, or has a device that is billed to a shared account, or is otherwise authorized to incur charges on the account. “Consumer” does not include any business entity or any state, federal, local, or other governmental entity, if (1) the business entity or government, and not the employees or individuals working for or with that business entity or government, is solely liable to Sprint for payment of all charges placed on that account, and (2) the ability to process Third-Party Charges through that account is not available unless the business entity or government affirmatively requests that certain or all mobile devices be provided the ability to authorize placement of such Third-Party Charges.
  - (n) “Effective Date” means the date that the Stipulated Final Judgment and Order in the case captioned Civil Action No. 14-cv-09931 (“CFPB Stipulated Order”) is entered by the District Court for the Southern District of New York.

- (o) “Express Informed Consent” means an affirmative act or statement giving unambiguous assent to be charged for the purchase of a Third-Party Product that is made by a Consumer after receiving a Clear and Conspicuous disclosure of material facts.
- (p) “Investigation” means the inquiry undertaken by the Bureau in File No. EB-TCD-14-00016545, and involving the facts and allegations set forth in Paragraphs 2 through 9 of this Consent Decree and the facts and allegations developed by the CFPB in the inquiry underlying the CFPB Settlement, which the CFPB shared with the Bureau, as they relate to conduct occurring before the Effective Date.
- (q) “Mobile Telephone Bill” means a Consumer’s paper or electronic monthly statement of charges for Sprint postpaid wireless service.
- (r) “Newly Acquired Entities” means any entity or entities Sprint acquires in the future.
- (s) “Participating States” means the following states and commonwealths: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, as well as the District of Columbia.
- (t) “Parties” mean Sprint and the Bureau, each of which is a “Party.”
- (u) “Premium Short Messaging Service,” or “PSMS,” means a service that distributes paid content to a Consumer using the Short Message Service and Multimedia Messaging Service communication protocols via messages that are routed using a Short Code, resulting in a Third-Party Charge.
- (v) “Prepaid Account” means a Consumer’s account for wireless service where funds first must be applied to the account, and usage deducts from those funds.
- (w) “Product” means content and/or services that can be used on a Consumer’s mobile device for which charges are placed on the Consumer’s Mobile Telephone Bill or deducted from a Prepaid Account by Sprint. “Product” excludes contributions to charities, candidates for public office, political action committees, campaign committees, campaigns involving a ballot measure, or other similar contributions. “Product” also excludes co-branded and white label products where content and services are sold jointly and cooperatively by Sprint and another entity, where the content and/or services are placed on the Consumer’s Mobile Telephone Bill as a Sprint charge or deducted from a Consumer’s Prepaid Account, and Sprint is responsible for accepting complaints, processing refunds, and other communications with the Consumer regarding the charge. “Product” also excludes handset insurance, extended warranty offerings, and collect calling services.
- (x) “Rules” mean the Commission’s regulations found in Title 47 of the Code of Federal Regulations.

- (y) “Short Code” means a common code leased from the CTIA Common Short Code Administration that is composed of a set of numbers, usually 4 to 6 digits, which text messages can be sent to and received from using a mobile telephone.
- (z) “States Attorneys General Settlement” means the Assurances of Voluntary Compliance executed by Sprint and the Participating States, or similar document as required by applicable state law, to resolve the concurrent investigation by the Participating States regarding Unauthorized Third-Party Charges.
- (aa) “Sprint” means Sprint Corporation and its affiliates, subsidiaries, and assigns.
- (bb) “Third Party” means an entity or entities, other than Sprint, that provides a Product to Consumers for which billing is made through Sprint’s Mobile Telephone Bills or on a Prepaid Account.
- (cc) “Third-Party Charge” means a charge for the purchase of a Third-Party Product placed on a Consumer’s Mobile Telephone Bill or deducted from Prepaid Accounts.
- (dd) “Third-Party Product” means a Product provided by a Third Party.
- (ee) “Third-Party Merchant” means any Third Party, other than Sprint, that purportedly provides one or more Products to mobile telephone users.
- (ff) “Unauthorized Third-Party Charge” means a Third-Party Charge placed on a Consumer’s Mobile Telephone Bill or deducted from a Prepaid Account without the Consumer’s Express Informed Consent.

## II. BACKGROUND

2. Sprint provides mobile voice and data services to Consumers throughout the United States. Sprint charges its customers not only for its own voice and data services, but also for the products and services of some third parties. Until at least February 2014, Sprint included Commercial PSMS charges on its customers’ Mobile Telephone Bills (or charged its customers’ Prepaid Accounts) for services such as monthly subscriptions for ringtones, wallpaper, and text messages providing horoscopes, flirting tips, celebrity gossip, and other information. The charge for these types of subscriptions ranged from \$0.99 to \$14.00, but typically was \$9.99 per month.

3. Sprint’s contracts required PSMS merchants to follow a double opt-in verification procedure to authorize PSMS charges. This double opt-in verification procedure applied to one-time PSMS charges as well as to recurring, subscription-based content, regardless of whether the customer purchased such content through a mobile phone or over the Internet. With respect to recurring subscriptions of PSMS content, merchants were contractually required to send customers monthly renewal reminders by text message at least 24 hours prior to each billing event, as well as renewal confirmations once the customer was rebilled for his or her subscription.

4. Sprint implemented a fraud prevention program, allowing it to review and monitor the activities and escalated complaints associated with PSMS aggregators and merchants. Sprint established safeguards directly tied to PSMS merchants – including monitoring and auditing their advertising disclosures to customers and the message flows between merchants and customers, and suspending or barring noncompliant merchants. Sprint reviewed and approved PSMS programs, marketing materials and consumer disclosures before allowing a program to be billed on its invoices.



5. Sprint did not itself obtain authorization from its subscribers prior to placing charges on its customers' Mobile Telephone Bills or Prepaid Accounts. Instead, Sprint's third-party aggregators, who, on behalf of various Third-Party Merchants, passed along charges for Sprint to place on Consumer Mobile Telephone Bills or Prepaid Accounts, were obligated by contract to ensure that authorization was received from subscribers. Sprint's agreements with third-party aggregators entitled the Company to obtain authorization from the aggregators who either maintained such authorizations or contractually required the Third-Party Merchants to maintain them. When the Bureau requested such authorizations in late 2014, Sprint sought authorization information from third-party aggregators and Third-Party Merchants, but was unable to obtain such authorizations. Sprint allowed aggregators to give numerous Third Party Merchants the ability to bill charges to Sprint subscribers. As compensation for its services, Sprint received approximately 35% of collected revenues for each PSMS charge.

6. Through its customer service and other means, Sprint enabled customers to inquire about the Third-Party Charges Sprint assessed on their Mobile Telephone Bills and Prepaid Accounts. If customers asserted that they did not authorize such charges or did not recall completing a double opt in, Sprint states that it initially provided customers refunds for up to two months of PSMS charges. For example, in three months in 2013, Sprint issued over 30,000 PSMS refunds to thousands of wireless customers who stated that they had never requested or authorized the PSMS services for which Sprint charged them. However, some of these customers complained that Sprint would only offer partial refunds, or only refund charges for two months even if the customer had been charged for unauthorized charges for much longer. Some of these customers filed complaints with the FCC and others requesting government authorities to take action on their behalf.

7. Section 201(b) of the Act states, in pertinent part, that "[a]ll charges, practices, classifications, and regulations for and in connection with [interstate or foreign] communication service [by wire or radio], shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is declared to be unlawful . . . ." The Commission has held that the inclusion of unauthorized charges and fees on consumers' telephone bills is an "unjust and unreasonable" practice under Section 201(b).

8. The Bureau charges that Sprint, through the course of conduct above, violated Section 201(b) of the Act by engaging in an unjust and unreasonable practice, for or in connection with an interstate or foreign communication service by radio, by assessing charges on its customers' telephone Mobile Telephone Bills and Prepaid Accounts for products or services they had not authorized.

9. The Bureau and Sprint negotiated the following terms and conditions of settlement and hereby enter into this Consent Decree as provided below.

### III. TERMS OF AGREEMENT

10. **Adopting Order.** The Parties agree that the provisions of this Consent Decree shall be subject to final approval by the Bureau by incorporation of such provisions by reference in the Adopting Order.

11. **Jurisdiction.** For purposes of this matter, Sprint agrees that the Bureau has jurisdiction over it and the matters contained in this Consent Decree and that the Bureau has the authority to enter into and adopt this Consent Decree.

12. **Execution Date; Violations.** The Parties agree that this Consent Decree shall become binding upon execution. The Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission. Subject to Paragraph 15, for Newly Acquired Entities, Sprint shall (a) take immediate steps to cease billing charges for all Commercial PSMS; and (b) have a reasonable period of time, which in no event shall exceed six (6) months from the date the entity is acquired, in which to bring said entities into compliance with this Consent Decree, during which period

Sprint shall take reasonable steps to obtain Express Informed Consent before a Consumer is charged for any Third-Party Charge. Any violation of the Adopting Order or of the terms of this Consent Decree shall constitute a separate violation of a Commission order, entitling the Commission to exercise any rights and remedies attendant to the enforcement of a Commission order. If the Bureau determines that Sprint made any material misrepresentation or material omission relevant to the resolution of this Investigation, the Bureau retains the right to seek modification of this Consent Decree pursuant to Section 24 of this Consent Decree.

13. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Bureau agrees to terminate the Investigation. In consideration for the termination of the Investigation, Sprint agrees to the terms, conditions, and procedures contained herein. The Parties, by and through their counsel, have agreed that entry of this Consent Decree fully and finally resolves all issues between them arising from or related to PSMS services or claims of Unauthorized Third-Party Charges for all time periods up to the date of entry of this Consent Decree and precludes further litigation between the Commission and Sprint on the resolved issues except for purposes of enforcing this Consent Decree. Sprint acknowledges, solely for purposes of this Consent Decree and in express reliance on the provisions of this paragraph, that Sprint required Third-Party Merchants to obtain authorization from Consumers to place PSMS charges on their Mobile Telephone Bills and that some of these Third-Party Merchants have circumvented Sprint's procedural requirements in certain cases. Sprint contends that it refunded PSMS charges to Consumers who identified PSMS charges on their Sprint Mobile Telephone Bills (or Prepaid Accounts) that they believed were not authorized. The Parties understand and agree that this Consent Decree is a compromise settlement of disputed issues. It is the intent of the Parties that this Consent Decree shall not be used as evidence, except in an action to enforce this Consent Decree. The Commission and Sprint intend that this acknowledgement does not constitute an indictment, charge, conviction, or civil judgment for the violation of any Federal law or regulation within the meaning of Section 52.209-5 of the Federal Acquisition Regulations (FAR).

14. **Compliance Officer.** Within thirty (30) days of the Effective Date, Sprint shall designate a senior corporate manager with the requisite corporate and organizational authority to serve as Compliance Officer and to discharge the duties set forth below. The Compliance Officer shall be responsible for developing, implementing, and administering the Compliance Plan and ensuring that Sprint complies with the terms and conditions of the Compliance Plan and this Consent Decree.

15. **Compliance Plan.** Sprint shall implement and comply with the following:

- (a) **Commercial PSMS.** Sprint shall not make available to Consumers the option to purchase Third-Party Products through Commercial PSMS or charge for Commercial PSMS.
- (b) **Authorization of Third-Party Charges.** Sprint shall begin developing and implementing a system, which shall be fully implemented by Sprint no later than September 15, 2015, to obtain Express Informed Consent before a Consumer is charged for any Third-Party Charge or before funds are deducted from a Prepaid Account. The Consumer's Express Informed Consent may be provided to Sprint or to another person or entity obligated to Sprint to obtain such consent. Sprint or the other person or entity shall retain sufficient information to allow such consent to be verified. If Express Informed Consent is not directly collected by Sprint, Sprint shall implement reasonable policies and practices<sup>2</sup> to confirm Express Informed

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<sup>2</sup> For purposes of this Paragraph, for charges incurred through operating system storefronts, such reasonable policies and practices may, for example, consist of Sprint or its agents making a statistically valid random sample of



Consent will be appropriately collected and documented by the person or entity obligated to do so, and shall monitor and enforce those policies and practices to confirm Express Informed Consent is appropriately collected and documented, and where Express Informed Consent has not been appropriately collected and documented, shall require remedial action (which may include, for example, suspension, proactive credits, or retraining), or cease billing for such charges on Mobile Telephone Bills or Prepaid Accounts. While the system described by this Subparagraph is being developed and implemented, Sprint shall take reasonable steps to obtain Express Informed Consent before a Consumer is charged for any Third-Party Charge.

- (c) **Purchase Confirmation for Third-Party Charges.** Beginning no later than September 15, 2015, Sprint shall implement a system whereby the Consumer (and, for multiline accounts, the Account Holder, if designated) will be sent a Clear and Conspicuous purchase confirmation, separate from the Mobile Telephone Bill or Prepaid Account, of every Third-Party Charge, including recurring charges, that will appear on his or her Mobile Telephone Bill or be deducted from his or her Prepaid Account. Any such purchase confirmation shall be sent within a reasonable period of time following the time a Third-Party Product is purchased or the recurrence of a Third-Party Charge, and shall Clearly and Conspicuously identify Blocking options that Sprint makes available to Consumers or provide access to such information in a form and format that makes such information Clear and Conspicuous. For multiline accounts, Sprint may provide the Account Holder the option to elect not to receive such purchase confirmations.
- (d) **Information on Blocking.** Beginning no later than June 1, 2015, Sprint shall:
  - i. At no charge to the Consumer, offer Blocking of Third-Party Charges; and
  - ii. Provide a Clear and Conspicuous disclosure about Third-Party Charges and Blocking options in informational material provided at or near the time of subscribing to service, and in the case of postpaid service which is provided in a context separate from the actual subscriber agreement document, and in the case of prepaid service, is included in the disclosures provided at the time of purchase. Such disclosure shall include a description of Third-Party Charges, how Third-Party Charges appear on Mobile Telephone Bills and Prepaid Accounts, and options available to Consumers to Block Third-Party Charges. Consumers shall not incur any data or text charges when Sprint provides the disclosure discussed in this Subparagraph.
- (e) **Billing Information and Format.**
  - i. Except for Prepaid Accounts, all Third-Party Charges shall be presented in a dedicated section of the Consumer's Mobile Telephone Bill (or in a dedicated section for each mobile line on the account, if the Mobile Telephone Bill sets forth charges by each line) and shall be set forth in such a manner as to distinguish the Third-Party Charges contained therein from Sprint's service, usage, and other charges. This section of the Consumer's Mobile Telephone Bill

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purchases to demonstrate whether the storefront is collecting Express Informed Consent consistent with this Consent Decree.

shall contain a heading that Clearly and Conspicuously identifies that the charges are for Third-Party Products; and

- ii. The Third-Party Charge billing section required by this Subparagraph shall include a Clear and Conspicuous disclosure of a Consumer's ability to Block Third-Party Charges, including contact and/or access information that Consumers may use to initiate such Blocking. If Sprint includes a Third-Party Charge billing section for each mobile line on the account, Sprint shall have the option to include the disclosure of a Consumer's ability to Block Third-Party Charges in only the first Third-Party Charge billing section that appears on the Bill or Prepaid Account summary, rather than in all Third-Party Charge billing sections.
- (f) **Consumer Contacts**. When a Consumer contacts Sprint with regard to a Third-Party Charge or a Block, Sprint shall:
- i. Provide the Consumer with access to a customer service representative who has access to the Consumer's account information for at least the prior twelve (12) months. For Newly Acquired Entities, if such information is not available, Sprint shall have twelve (12) months to come into compliance with respect to such entities, and, while coming into compliance, respond to the Consumer's inquiry within ten (10) days using any available information;
  - ii. Offer the Consumer the opportunity to Block future Third-Party Charges at no charge to the Consumer if the Consumer is a current customer of Sprint;
  - iii. Provide the Consumer a full refund or credit of any and all Third-Party Charges the Consumer claims that he or she did not authorize. Sprint may deny a refund or credit under this Subparagraph if:
    - 1. Sprint has information demonstrating that the Consumer provided Express Informed Consent to the Third-Party Charge, and, upon request, provides such information to the Consumer;
    - 2. The last disputed Third-Party Charge for the particular Product at issue (either a single charge or a recurring charge) was incurred more than three (3) months prior to when the Consumer contacted Sprint and Sprint is in compliance with Paragraph 15(c) with respect to the charge; or
    - 3. The Consumer has already received a credit or refund for the disputed Third-Party Charge, and, upon request, Sprint provides such information to the Consumer.
  - iv. If the Consumer is not satisfied with the relief obtained under the process contained in Subparagraph (iii), Sprint shall:
    - 1. Offer the Consumer the opportunity to receive a full refund or credit if the Consumer submits his or her request in writing via U.S. Mail, email, or web-based form affirming that he or she did not authorize such charge, and provide such refund or credit, unless Sprint can demonstrate (a) fraud, (b) misrepresentation in connection with the claim, or (c) the Consumer provided Express Informed Consent.
    - 2. This Subparagraph (iv) shall expire four (4) years from the Effective Date.

- v. Not require the Consumer to first contact the Third Party in order to receive a refund/credit of any claimed Unauthorized Third-Party Charge, although this Subparagraph does not prohibit asking the Consumer if he or she has contacted the Third Party and/or if the Consumer has already received a credit or refund from the Third Party for some or all of the claimed Unauthorized Third-Party Charge; and
- vi. In the event a Consumer disputes a Third-Party Charge as unauthorized, not:
  - 1. Require the Consumer to pay the disputed Third-Party Charge, including any related late charge or penalty;
  - 2. Send the disputed Third-Party Charges to collection;
  - 3. Make any adverse credit report based on non-payment of the disputed Third-Party charge; and/or
  - 4. Suspend, cancel, or take any action that may adversely affect the Consumer's mobile telephone service or functionality for any reason related to non-payment of the disputed Third-Party Charges. The remedies in this Subparagraph are inapplicable to Consumer complaints involving dissatisfaction with purchases where the Consumer does not dispute that Consumer authorized the purchase.
- (g) **Training**. Sprint shall, for at least six (6) years from the Effective Date, conduct a training program with its customer service representatives, at least annually, to administer the requirements of this Consent Decree. To the extent that Sprint no longer permits Third-Party Charges on Consumers' Mobile Telephone Bills or deduction of Third-Party Charges on Consumers' Prepaid Accounts, Sprint shall conduct one training program within three (3) months of such cessation and shall have no further obligation to conduct training programs under this Paragraph.
- (h) **Record Keeping**. No later than September 15, 2015, Sprint shall:
  - i. Implement a process to track (1) all Consumer claims that a Third-Party Charge was unauthorized for which Sprint demonstrated that the purchaser provided Express Informed Consent; (2) refunds/credits provided pursuant to Paragraph 15(e); and (3) any other information necessary to prepare the Quarterly Reports described in Paragraph 15(j); and
  - ii. Implement systems that allow it to maintain the information described in this Paragraph. Each record created pursuant to this Paragraph shall be maintained for a period of six (6) years from the date of its creation. Sprint's obligation to maintain records for six (6) years from the date of their creation shall continue after Sprint's obligation to provide the Quarterly Reports described in Paragraph 15(j) expires.
- (i) **Cooperation with the Bureau**: Sprint shall designate a contact to whom the Bureau may provide information regarding any concerns about Unauthorized Third-Party Charges, and from whom the Bureau may request information and assistance in investigations. The information and assistance shall include information regarding the identity of Third Parties placing charges on Sprint's Mobile Telephone Bills or deducting Third-Party Charges from Consumers' Prepaid Accounts, revenue from such Third Parties, refunds/credits provided

relating to such Third Parties, any audits conducted of such Third Parties (to the extent not protected by attorney-client privilege or attorney work product), and any applications or other information provided by Third Parties, to the extent that Sprint has access to such information. Consistent with Sprint's legal obligations to safeguard the confidential or proprietary information of Consumers and Third Parties, Sprint shall provide such information within a reasonable period and shall cooperate in good faith with such requests, including investigating any reports of Unauthorized Third-Party Charges Sprint receives from the Bureau.

(j) **Reporting Requirements.**

- i. Sprint shall, for at least six (6) years from the period beginning on the Effective Date, provide a report to the Bureau every three (3) months (Quarterly Reports) documenting its compliance with the requirements of Paragraph 15(e). Without limiting Sprint's obligations under Paragraph 15(e), the Quarterly Reports shall include the following:
  1. The total number of Consumer claims for unauthorized Third-Party Charges for which Sprint has demonstrated that the purchaser provided Express Informed Consent or for which Sprint has demonstrated that the claim was untimely under Paragraph 15(f)(iii)(2);
  2. All refunds/credits provided, in dollars, due to Sprint's inability to provide proof of Express Informed Consent in response to such a claim by Consumers;
  3. All other refunds/credits provided for Third-Party Products, in dollars;
  4. For the claims and refunds/credits identified under Subparagraphs 1, 2, and 3 above, the Third-Party Product, the Third Party, and the entity responsible for ensuring Express Informed Consent from the Consumer if different than Sprint; and
  5. A description of any remedial action taken by Sprint against Third Parties for Unauthorized Third-Party Charges, including, but not limited to, any actions taken to limit or terminate a Third Party's ability to place Third-Party Charges on a Consumer's Mobile Telephone Bill or deduct charges from a Prepaid Account. The description of any remedial action provided under this Subparagraph shall include: (a) the name and contact information of such Third Party, (b) a description of the Product in connection with which the remedial action that was taken, (c) an indication of whether the Product was suspended or terminated (and if the Product was suspended, Sprint shall include the date or conditions for reinstatement), and (d) the reason for the remedial action.
- ii. Information in Quarterly Reports shall be presented on a national basis and provided electronically in a format to be agreed to by the Parties. Quarterly Reports shall be provided within thirty (30) days of the end of each calendar quarter.
- iii. This Subparagraph 15(j) shall expire six (6) years from the Effective Date.

- (k) **Consumer Redress for Unauthorized Charges.** The Parties recognize that Sprint has agreed to the consumer redress program contained in Section III of the CFPB Settlement, which sets forth a detailed process for Consumer Redress.
- (l) **Settlement Amount.** Sprint agrees to a global settlement with the FCC, CFPB and Participating States with a value of sixty-eight million dollars (\$68,000,000) to fully resolve the Investigation. Specifically:
- i. Within thirty (30) days of the Effective Date, Sprint shall pay a fine of six million dollars (\$6,000,000) (Fine) to the United States Treasury;
  - ii. Sprint shall pay twelve million dollars (\$12,000,000) to the Participating States;
  - iii. Sprint shall pay fifty million dollars (\$50,000,000) to fund a consumer redress program, as described in Section III of the CFPB Settlement.

16. **Section 208 Complaints; Subsequent Investigations.** Nothing in this Consent Decree shall prevent the Commission or its delegated authority from adjudicating complaints filed pursuant to Section 208 of the Act against Sprint or its affiliates for alleged violations of the Act, or for any other type of alleged misconduct, regardless of when such misconduct took place. The Commission's adjudication of any such complaint shall be based solely on the record developed in that proceeding. Except as expressly provided in this Consent Decree, this Consent Decree shall not prevent the Commission from investigating new evidence of noncompliance by Sprint with the Communications Laws.

17. **Payment Process.** Sprint acknowledges and agrees that upon execution of this Consent Decree, the Fine shall become a "Claim" or "Debt" as defined in 31 U.S.C. § 3701(b)(1).<sup>3</sup> Sprint shall send electronic notification of the payment to Richard Hindman at richard.hindman@fcc.gov and to fcebackaccess@fcc.gov on the date said payment is made. The payment must be made by check or similar instrument, wire transfer, or credit card, and must include the Account Number and FRN referenced above. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted.<sup>4</sup> When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters "FORF" in block number 24A (payment type code). Below are additional instructions Sprint must follow based on the form of payment it selects:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payment (along with the completed Form 159) must be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O.

<sup>3</sup> Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, 1358 (1996).

<sup>4</sup> An FCC Form 159 and detailed instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

If Sprint has questions regarding payment procedures, it may contact the Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, ARINQUIRIES@fcc.gov.

18. **Construction.** Nothing in any provision of this Consent Decree shall be read or construed to require Sprint (a) to share customer proprietary network information (CPNI) with any person not legally entitled to receive CPNI; (b) to share customer information in such a way that it would violate any applicable law, or violate any privacy policy restricting access to account information; or (c) to grant more than one full refund or credit for any single Unauthorized Third-Party Charge. Sprint shall not amend its privacy policy to excuse its compliance with the reporting, tracking, or other provisions of this Consent Decree related to the sharing of customer information unless required by law.

19. **Waivers.** Sprint waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal, or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order, provided the Bureau issues the Adopting Order as defined herein. Sprint shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Adopting Order, neither Sprint nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and Sprint shall waive any statutory right to a trial *de novo*. Sprint hereby agrees to waive any claims it may have under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Consent Decree.

20. **Invalidity.** In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

21. **Subsequent Rule or Order.** The Parties agree that if any provision of the Consent Decree conflicts with any subsequent Rule or order adopted by the Commission (except an order specifically intended to revise the terms of this Consent Decree to which Sprint does not expressly consent) that provision shall be superseded by such Rule or Commission order.

22. **Successors and Assigns.** Sprint agrees that the provisions of this Consent Decree shall apply to Sprint and be binding on its officers, employees, agents, successors, assigns, merged or acquired entities, parent entities, wholly owned subsidiaries, and all other persons or entities acting in concert or participation with any of them, who receive actual notice of this Consent Decree, regarding Sprint's placement of Third-Party Charges on Consumer Mobile Telephone Bills or Prepaid Accounts.

23. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation.

24. **Modifications.** Except as specified in Paragraph 21, above, this Consent Decree cannot be modified without the advance written consent of both Parties.

25. **Section and Paragraph Headings.** The headings of the sections and paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

26. **Authorized Representative.** The individual signing this Consent Decree on behalf of Sprint represents and warrants that he is authorized by Sprint to execute this Consent Decree and to bind Sprint to the obligations, including all payment obligations, set forth herein. The FCC signatory



represents that he is signing this Consent Decree in his official capacity and that he is authorized to execute this Consent Decree.

27. **Entire Agreement; Counterparts.** This Consent Decree (and any attachments) represents the full and complete terms of the settlement entered by the parties hereto. This Consent Decree may be signed in any number of counterparts (including by facsimile and by electronic copy), each of which, when executed and delivered, shall be an original, and all of which counterparts together shall constitute one and the same fully executed instrument.

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Kevin McGinnis  
Vice President  
Sprint / Pinsight Media +  
909 Walnut Street, Suite 400  
Kansas City, MO 64106  
For Sprint Corporation

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Date

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Travis LeBlanc  
Chief  
Enforcement Bureau

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Date