

Attorney General Says T-Mobile's Advertising Is Deceptive

Early cancellation of phone plans results in undisclosed balloon payment

OLYMPIA - Washington State Attorney General Bob Ferguson has ordered T-Mobile to correct deceptive advertising that promised consumers no annual contracts while carrying hidden charges for early termination of phone plans.

Last week, the Attorney General's Office filed a court order signed by T-Mobile and effective nationwide that will ensure the company clearly communicates the limitations of its new "no-contract" wireless service plans and allows customers duped by the deceptive ads to exit their contracts with no penalty.

"As Attorney General, my job is to defend consumers, ensure truth in advertising, and make sure all businesses are playing by the rules," Ferguson said. "My office identified that T-Mobile was failing to disclose a critical component of their new plan to consumers, and we acted quickly to stop this practice and protect consumers across the country from harm."

T-Mobile recently launched a new type of wireless service plan, claiming to offer "no restrictions," "no annual contract" and no requirement that the consumer "serve a two-year sentence." However, this new plan does not include a phone. Instead, the company provides the option for consumers to purchase a phone at a monthly rate over a two-year term. They also offer the opportunity to bring your own phone or pay the entire cost of the phone up front.

After an investigation of the company's practices, the Attorney General's Office learned that the company failed to disclose that customers who purchase a phone using the 24-month payment plan must carry a wireless service agreement with T-Mobile for the entire 24 months—or pay the full balance owed on phone if they cancel earlier.

Consumers who cancel their wireless service face an unanticipated balloon payment for the phone equipment—in most cases higher than termination fees for other wireless carriers depending on how early they cancel. Instead of a "two-year sentence" for wireless service, consumers face a different two-year "sentence" to avoid a lump-sum balloon payment for the phone.

T-Mobile cooperated with the Attorney General's Office in signing an Assurance of Discontinuance (AOD) filed in King County Superior Court today. Under the AOD, the company agrees to stop:

- Misrepresenting that customers can obtain wireless service and

telephone equipment without restrictions; and

- Failing to disclose that customers who terminate their T-Mobile wireless service before their device is paid off will have to pay the balance due on the phone at the time of cancellation.

All consumers who purchased T-Mobile service and equipment between March 26 and April 25, 2013, may obtain a full refund for their telephone equipment and cancel their service plans without being required to pay the remaining balance owed on their devices—as long as the customer cancels his or her service per the terms of the

agreement.

The company is required to contact consumers who purchased telephone equipment under the terms of their new business plan to advise them of their right to cancel and obtain a refund. Consumers can call T-Mobile at 1-877-746-0909 for more information or dial 611 from their T-Mobile telephones.

The company also agrees that it will:

- Not misrepresent customers' true obligations under the terms of its contracts for the sale of service or equipment;
- Make clear the consequences of cancelling T-Mobile service,

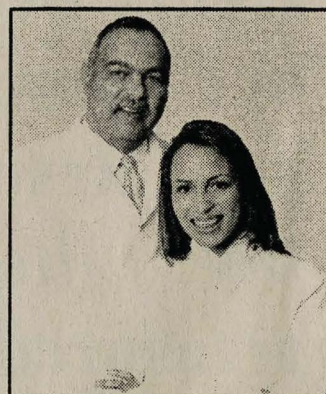
including restrictions or limitations on cancellation; fees and costs; and early termination fees;

- More clearly state in all advertisements the true cost of telephone equipment, including the requirement the customer carry a wireless service agreement for the life of the 24-month financing plan;
- Instruct representatives to fully disclose obligations under the terms of its contracts, including developing a "Frequently Asked Questions" page; and
- Train customer service representatives to comply with the settlement within 21 days of signing.

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All Seattle Public Schools families are invited to a Family Symposium: Building Bridges for Summer Learning on May 18 at Garfield High School, 400 23rd Ave., Seattle.

The symposium, which runs from 9:30 a.m. to 2:30 p.m., includes a resource fair with community resource booths and activities for children ages 4 and up. Families will learn how to support their children in the areas of early learning, math, reading and writing, arts education, college and career readiness, special education, graduation requirements and four-year planning as well as postsecondary planning for college and careers. In addition, families will be able to register their students to participate in summer learning programs.

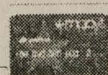
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