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Attorney General Bob Ferguson

Washington State Office of Attorney General
1125 Washington Street SE
Olympia, WA 98504

Attorney General Ferguson:

Last week, Change to Win submitted a request for investigation to your office with evidence that T-Mobile is violating your office's 2013 modified assurance of discontinuance with the company and the state's Consumer Protection Act. You have a record of protecting consumers' rights in Washington, and our submission requested swift action to reform unethical practices at the Bellevue-based carrier.

Change to Win also shared our research with a number of elected leaders and economic justice organizations, which also believe an investigation is needed. They have signed the attached letter that we are sending on their behalf.

We are happy to provide your office with any additional information you may need about our research or data analysis. Please contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Rion Dennis".

Rion Dennis

Change to Win
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Attorney General Bob Ferguson

Washington State Office of Attorney General
1125 Washington Street SE
Olympia, WA 98504

Dear Attorney General Ferguson,

We write to you today to urge action on what we believe to be deceptive and unfair business practices by T-Mobile. Your office has been a leader in protecting consumers from deceptive business practices by this company, and we hope we can persuade you to update your office’s earlier work and broaden your inquiry into other practices that have recently come to light.

In 2013, your office initiated an investigation into T-Mobile’s business practices and entered into a nationwide Assurance of Discontinuance with the company due to its misleading “no contract” advertising. As your office found in the Modified Assurance of Discontinuance, the “no contract” advertising is deceptive because any customer who enters into a two-year equipment financing plan must immediately pay the balance due in the event he or she cancels the service contract. This is effectively a penalty for cancellation of service. Thus the implication in T-Mobile’s “no contract” advertising—that customers can leave service at any time without incurring a financial penalty—is not true for a substantial number of its customers.¹

We write to you now because we believe that T-Mobile may be violating the terms of the Modified Assurance of Discontinuance and may be engaging in other unfair and deceptive practices that violate Washington’s Consumer Protection Act.

Under the terms of the Modified Assurance of Discontinuance, T-Mobile agreed not to “misrepresent in its advertising any material facts regarding consumers’ obligations under the terms of its contracts for the sale of equipment or services.”² Yet it appears that T-Mobile is continuing to mislead consumers about a material term of its service

¹ Modified Assurance of Discontinuance, ¶2.1, *In the Matter of: T-Mobile USA, Inc.*, No. 13-2-17948-2 (SEA) (Wa. Sup. Ct. June 19, 2014).

² *Id.* ¶ 2.2(A).

contracts. According to a report based on a survey of T-Mobile advertisements released by the Change to Win labor federation and reported in the *Seattle Times*, T-Mobile continues to advertise “No annual service contracts” and “No more 2-Year Contract” without adequately disclosing that the balance on phones and other equipment becomes immediately due upon termination of the service contract. Thus T-Mobile is continuing to misrepresent customers’ ability to obtain wireless service without incurring a financial penalty for cancelling that service.

According to the Change to Win report, along with the “no contract” advertising that is the subject of your office’s previous enforcement action, T-Mobile is also engaging in deceptive marketing about its offer to “pay off” other carriers’ early termination fees (ETFs) and equipment charges when customers switch to T-Mobile. Common in-store advertisements state the following: “Switch Without a Hitch. We’ll Pay Off Your Phone;” “We’ll Pay Off Your Phones & Buy Out Your Contracts;” and “We’ll Pay Your Early Termination Fees.” These advertisements leave the impression that T-Mobile will pay these fees directly to the previous carrier when in fact T-Mobile is only offering to reimburse qualified customers with a prepaid credit card up to eight weeks after they have paid their final bill to the previous carrier and submitted the reimbursement paperwork to T-Mobile. This is very important, particularly when one considers that a high percentage of T-Mobile’s customers are low-income and that these consumers may be unaware that they will have to front hundreds or thousands of dollars in fees several weeks before they can receive reimbursement from T-Mobile. In addition to the deceptive marketing practices discussed above, consumer complaints to federal agencies and the Better Business Bureau about T-Mobile indicate a pattern of deceptive and unfair consumer practices in other areas.

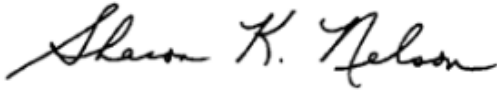
According to Change to Win’s review of over 5,500 consumer complaints of T-Mobile,³ over ten percent were about enrollment in services without the customers’ consent. The most common type of complaint was fraudulent enrollment in add-on services, such as the JUMP insurance plan or an unlimited data plan.

³ Change to Win analyzed more than 5,500 consumer complaints about T-Mobile from January 2013 to September 2015 filed with the Better Business Bureau, the Consumer Financial Protection Bureau, the Federal Trade Commission and the Federal Communications Commission.

Change to Win's research also revealed nearly 1,300 complaints about T-Mobile's debt collection practices. Seventy percent of these consumers said that T-Mobile gave third party debt collectors inaccurate information, and 49 percent reported little or no notice before a debt was referred to collections. Several of these consumers also reported encountering difficulties when attempting to resolve their debt collection problems with T-Mobile. The significant number of debt collection complaints—as well as the common themes of inadequate notice and inaccurate information—are strong evidence that T-Mobile's debt collection policies are predatory and harmful to consumers.

T-Mobile has experienced significant growth and strong financial results in the past few years by marketing itself as an industry disruptor that offers consumers the best value experience. Yet this success may be based in part on deceptive and unfair business practices that can cause consumers serious financial harm and violate Washington law. Your office has investigated T-Mobile in the past and rebuked it for its deceptive advertising. We ask that you once again stand up for consumers by reviewing T-Mobile's compliance with the terms of the Modified Assurance of Discontinuance and by investigating the other practices we have described in this letter. Thank you for considering this request.

Signed,



Senator Sharon Nelson
34th Legislative District
Senate Democrat Leader



Senator Pramila Jayapal
37th Legislative District



Senator Andy Billig
3rd Legislative District
Deputy Senate Democrat Leader



Senator David Froct
46th Legislative District



Senator Karen Keiser
33rd Legislative District



Representative Marcus Riccelli
3rd Legislative District