



Federal Trade Commission Protecting America's Consumers

For Release: September 10, 2004

Sprint, AT&T to Pay Nearly \$1.5 Million in Combined Penalties for Violations of Federal Credit Laws

Sprint Corporation and AT&T Corp. will pay \$1.125 million and \$365,000, respectively, to settle Federal Trade Commission charges that they failed to notify certain applicants for telephone service of their rights under federal credit laws. The FTC charges that Sprint used consumers' credit reports to deny them telephone service, and that both AT&T and Sprint placed conditions or restrictions on consumers' service, without disclosing information required by the Fair Credit Reporting Act (FCRA). The disclosures must include that consumers have the right to obtain a free copy of the credit report and to dispute errors in it.

According to the FTC, Sprint and AT&T obtain consumers' credit reports to determine their eligibility for telephone service. In some cases, the companies deny service, require consumers to make an advance payment or deposit, or limit the charges they may incur if the credit review shows the consumer to be a credit risk. The FTC complaint alleges that all of these are "adverse actions" under the FCRA, triggering the companies' obligation to provide the consumers with a notice disclosing: (1) the adverse action taken; (2) the name, address, and phone number of the credit bureau from which the consumer's credit report was obtained; (3) that the credit bureau did not make the decision to take the adverse action and is unable to provide the consumer the specific reasons why the adverse action was taken; (4) the consumer's right to obtain a free copy of the consumer report within 60 days from the credit bureau; and (5) the consumer's right to dispute with the credit bureau the accuracy of any information in his or her report.

The FTC alleges that AT&T and Sprint in many instances took adverse action, but failed to provide complete notices (or, in the case of Sprint, in some cases failed to provide any notice) in violation of the FCRA. The incomplete notices allegedly failed to tell consumers, among other things, of their rights to a free credit report and to dispute the accuracy of information in it. The FTC also alleges that Sprint violated the Equal Credit Opportunity Act (ECOA) by failing to provide the notices mandated by that statute or by omitting certain required information in their notices.

The consent decrees order Sprint to pay \$1,125,000 in civil penalties and AT&T to pay \$365,000. The decrees bar the companies from future violations of the adverse action notice requirements of the FCRA and, in the Sprint decree, the ECOA. Both consent decrees contain standard recordkeeping procedures to assist the FTC in monitoring the companies' compliance.

The FTC's complaint against Sprint names as defendants Sprint Corporation, Sprint Communications Company L.P., and Sprint's 19 subsidiaries that provide local telephone service in 18 states. The Sprint complaint was filed at the FTC's request by the Department of Justice in the U.S. District Court for the Northern District of Florida, Tallahassee Division, on September 9, 2004, and the AT&T complaint was filed on the same date in the U.S. District Court for the District of New Jersey, Newark Division.

The Commission vote to refer the complaints and proposed consent decrees to the Department of Justice for filing was 5-0.

NOTE: These consent decrees are for settlement purposes only and do not constitute an admission by the defendants of a law violation. A consent decree is subject to court approval and has the force of law when signed by the judge.

Copies of the complaints and consent decrees are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint in English or Spanish (bilingual counselors are available to take complaints), or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form at <http://www.ftc.gov>. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Media Contact:

Jen Schwartzman
Office of Public Affairs
202-326-2674

Staff Contact:

Ron Isaac
Division of Financial Practices
202-326-3224

(FTC File No. 022-3159 – AT&T)

(FTC File No. 022-3160 – Sprint)

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Related Documents:

[United States of America \(for the Federal Trade Commission\) v. AT&T Corp. \(District of New Jersey\)](#), FTC File No. 022-3159

[United States of America \(for the Federal Trade Commission\) v. Sprint Corporation, Sprint Communications Company L.P., et al. \(Northern District of Florida, Tallahassee Division\)](#), FTC File No. 022-3160

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