

Throttled: TracFone Enters \$40 Million Settlement with FTC over “Unlimited” Plans

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Last week, the FTC concluded a \$40 million settlement with TracFone – the largest prepaid mobile provider in the U.S. – over allegations that the company throttled customers’ purportedly unlimited data plans. The FTC alleged that TracFone advertised \$45 per month unlimited plans, but systematically throttled and/or suspended customers’ connections after they passed a certain usage threshold, in violation of Section 5 of the FTC Act, which prohibits “unfair and deceptive” trade practices.

The landmark settlement is indicative of vigorous enforcement by the FTC in the mobile broadband space. [Our](#) advisory provides an analysis of the settlement and items of note for other companies considering similar claims or related business practices in the broadband space.