

**Opening Remarks of Commissioner Maureen K. Ohlhausen**  
**Mobile Cramming Roundtable**  
**May 8, 2013**

Good morning everyone. I'm Commissioner Maureen Ohlhausen, and it is my pleasure to welcome all of you, both here in Washington, D.C. and those watching online, to today's roundtable discussion on mobile cramming, the placement of unauthorized charges on mobile phone bills.

Before we start, I would like to note that this week is Public Service Recognition Week. It is an honor for me to serve as a Commissioner at an agency recognized for its outstanding employees. That our agency's mission is to protect consumers means that the American public is especially well served by the skill, dedication and perseverance of its employees. Today's event is an example of the great work done by the FTC workforce to advocate for consumers.

The FTC's interest in mobile cramming stems from our broad mandate to protect consumers from unfair and deceptive practices in the marketplace, whatever the medium. Cramming has been a huge problem on landline phones for years, and the Commission has brought over two dozen cases to stop these practices and return money to consumers. Now the problem is emerging in the mobile marketplace, and we need to shine a light on this troubling and growing practice to protect consumers and to allow innovative mobile services to flourish.

Just recently, we obtained a court order that halted an alleged mobile cramming operation from placing unauthorized charges on phone bills, and froze the defendants' assets for possible refunds to consumers. The FTC's complaint alleges that Wise Media and its principals charged consumers \$9.99 a month without their knowledge or permission for horoscope alerts, "flirting tips," and "love tips," that were delivered via text messages.

This was the FTC's first case against alleged mobile crammers but it's likely not the last. Indeed, we are aware of thousands of consumer complaints about unauthorized third-party charges on wireless bills. And we believe that these complaints may underreport the problem. From surveys done in the landline context, we know that many consumers are unaware that third parties can place charges on their phone bills. We also know that consumers often fail to spot unauthorized charges on the bill. They may simply look at the overall bill amount and pay in full, without doing a line-by-line review. Or they may read the bill and fail to spot the charges, because they're buried on page 13 of the bill or listed in generic sounding categories such as "premium services." In fact, in Inc21, one of the many landline cramming actions brought by the FTC, a survey showed that only 5% of consumers were aware that they had been billed for the defendants' products, and 97% said they had never agreed to these purchases.

We'll keep bringing cases but we also want to explore the problem from a more systematic perspective. The mobile marketpl

flourish. Some of our staff had the pleasure of participating in the FCC's workshop on this topic last month and we're pleased to continue the discussion.

We have a diverse and distinguished set of panelists to help us do that. Our panelists include consumer advocates, technologists, and industry members. We also are fortunate to have other law enforcers, staff from the Senate Commerce Committee, the FCC, and the international community here to share their perspectives. I want to thank all of our panelists for being here today. We've truly assembled an all-star team, and I'm sure that we will all benefit from their knowledge.

There are three panels today, each focusing on different aspects of the mobile cramming problem. Our first panel will examine third-party billing in general, as well as how mobile cramming occurs. In our second panel, we will discuss current strategies to reduce mobile cramming. Finally, our third panel will discuss new strategies that might be deployed to address mobile cramming.

As the nation's premier consumer protection agency, the FTC is committed to staying ahead of the curve by understanding and identifying harm to consumers from mobile cramming and other emerging technologies before it becomes more widespread. I hope that, after today, we all will have a better grasp of the benefits and potential harms that can arise from mobile third-party billing; additional protections that industry might implement to prevent the harms; and what role government should play as we move forward.

We hope to foster an environment that allows innovations in third-party billing to grow, while minimizing harm to consumers from cramming. And when we at the FTC see issues arising from mobile third-party billing, we will continue to act. Once again, welcome to our workshop.