



Office of Commissioner
Rohit Chopra

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

**STATEMENT OF
COMMISSIONER ROHIT CHOPRA**
In the Matter of AT&T Mobility, LLC
Commission File No. X150009
November 5, 2019

Summary

- AT&T baited subscribers with promises of unlimited data, trapped them in multi-year contracts with punishing termination fees, and then scammed them by choking off their access unless they moved to a more expensive plan.
- The AT&T throttling scandal is an important case study into how dominant firms operating without meaningful competition can easily renege on their contractual obligations and cheat consumers who have almost no recourse.

AT&T's Nationwide Bait-and-Switch Scam

When any business, big or small, offers an unlimited service for a fixed fee, that business is taking a risk. If customers use much more of the service than projected, the company will take a hit. Conversely, if customers use less than projected, the company will haul in even larger profits. This is how business works.

As detailed in the Commission's complaint, AT&T wanted the rewards without the risks, so it turned its offer of an "unlimited" data plan into a bait-and-switch scam that victimized millions of Americans. Subscribers were lured in with promises of unlimited data service for a fixed fee, trapped into multiple years of service by punitive termination fees, and then forced to switch to a more expensive tiered plan with overage fees to actually receive the unlimited data they were promised.

This scam went hand-in-hand with AT&T's early monopoly in the iPhone market. In 2007, Apple and AT&T inked a major deal that gave purchasers of the iPhone only one choice for a mobile carrier.¹ While data plans are now ubiquitous, they were nascent at the time of the introduction of the iPhone, which boasted many features requiring a lot of data. AT&T initially offered either unlimited data or per kilobyte plans. Then, starting with the iPhone 3G, AT&T began offering only unlimited plans, which cost \$30 per month.² In 2010, AT&T stopped offering unlimited plans, and began requiring new customers to sign up for tiered plans that capped data and charged expensive fees for any overages.³

¹ Compl. ¶ 10.

² *Id.*

³ *Id.* ¶ 11.

Americans who wanted what they signed up for. The only truly unlimited data service was therefore available solely through capped plans with expensive overages.

AT&T's bait-and-switch scam is a good window into the many harms

