



# California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

## News Release

FOR IMMEDIATE RELEASE

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### **PUC FINES CINGULAR \$12.14 MILLION AND ORDERS REPARATIONS TO CUSTOMERS FOR VIOLATION OF TELECOMMUNICATIONS RULES**

SAN FRANCISCO, Sept. 23, 2004 – The California Public Utilities Commission (PUC) today fined Cingular Wireless \$12.14 million for violation of laws governing telecommunications carriers.

During its investigation of the operations, practices, and conduct of Cingular, the Commission discovered that Cingular had a corporate practice of prohibiting early termination of wireless service contracts unless the customer paid an early termination fee and at the same time failed to provide a trial period. At hearings at the Commission, Cingular admitted that testing wireless service by using the phone is the best way for a customer to ascertain whether the service meets his or her needs. Cingular's corporate policy existed from at least January 2000 until April 31, 2002. During 2001, Cingular's corporate policy became even more egregious for consumers because Cingular failed to disclose known network problems and continued to heavily advertise and market its wireless service in spite of these problems.

Based on evidence presented by the Commission's staff and the Utility Consumer Action Network, the Commission found that Cingular's corporate policy of no trials and imposition of early termination fees violated the Public Utilities Code. For these violations, Cingular is fined \$10,000 per day, for a total penalty of \$12.14 million. Cingular is also ordered to reimburse customers who paid part of or the entire early termination fee to Cingular or to one of Cingular's agents.

This decision was precipitated by the number of informal customer complaints to the Commission, particularly between 2000 and the spring of 2002.

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