

For Release:

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Media Advisory**Wireless Fraud Uncovered in Chinese Speaking Community**

Consumer Action and AT&T expose the problem, provide tips to protect consumers

Consumer Action and AT&T are working together to protect Chinese speaking consumers from retailers that are using suspicious business practices to commit fraud. Consumer Action's advice and referral hotline — which responds to complaints in English, Chinese and Spanish — has seen an uptick in complaints from Chinese speaking consumers about a wireless phone fraud. Victimized by false promises at retail stores that are not authorized by major wireless carriers, these consumers end up owing money under contractual obligation and receiving nothing in return.

"Everybody likes a good deal," said Jamie Woo, a Consumer Action Community Outreach Manager who works in the Asian American community. "But in this case, consumers who respond to a money saving offer find themselves owing way more money than they would have saved because they become victims of heartless fraudsters."

"We're working with Consumer Action to educate Chinese speaking consumers," said Loretta Walker, AT&T's Vice President for External Affairs in the Bay Area. "Unfortunately, some fraudulent and dishonest retailers are targeting the Chinese community. Some of these customers are not getting the devices they ordered. In some cases, they receive bills from fraudulent accounts opened in their name. We're working with Consumer Action to prevent more consumers from becoming victims of fraud."

The Issue:

According to 40 wireless complaints received at Consumer Action's hotline this year, Chinese-speaking consumers in the San Francisco Bay Area are being lured into mobile phone deals via advertised rebates of up to \$300. These rebates are promised in the form of \$12 monthly installments, or cash back at a future date.

Consumers are told by shop clerks not to unpack the mobile device when it arrives at their homes. Instead, they are instructed to bring it back to the point of sale to get it activated. At the shop, consumers are told the wrong wireless phone was delivered and the store will have to send it back.

The real story:

- In order to get the phone, the retailer activates an account in the consumer's name and for this purpose asks and obtains from the customer, the customer's personal information, including but not limited to, full name, address, drivers' license, social security and credit card information.
- The store keeps the phone (and probably profits from its resale) or replaces it with a much lesser model.

- The consumer winds up with no phone, or a lesser model.
- The consumer is left with the responsibility of paying charges due on an open account that the unscrupulous shop clerk opened in the customer's name.
- Consumers can face early termination fees, black marks on their credit and even fraud charges, while the unscrupulous retailer profits from the phone the consumer has paid for.

In addition, unscrupulous retailers have committed fraud by claiming on consumer applications that the consumer qualifies for a monthly discount as an employee of the U.S. Postal Service. These misrepresentations are made without the consumer's knowledge and could result in back billing and even charges of fraud against the unwitting consumer.

These retailers appear to be using online companies to place these orders with multiple carriers. In some cases, the retailer appears to be actually posing as the consumer making changes in the account and ordering more products in the consumer's name.

Unfortunately, consumers can be held responsible for unauthorized calls on the phone account established in their name. The customer is contractually responsible if they provided the unauthorized dealer with their personal information and permitted the unauthorized dealer to open a wireless service account in the customer's name.

Consumer Action and AT&T recommend that the consumers who have been victimized by this sales scam should file a police report in order to establish that they were duped.

10 Tips to Protect Yourself

- 1) Purchase directly from a company you know. If possible, purchase directly from a known wireless company.
- 2) Purchase from authorized dealers. (For example, AT&T uses a company called Impact Communications as its official Chinese language authorized reseller with 11 locations in the San Francisco Bay Area.)
- 3) Be cautious about offers that involve shipping a device to your home and then requiring you to bring the unopened box to a store for activation.
- 4) Beware of rebates offered in monthly installments. Rebates are common, but most carriers offer them in the form of a *one-time* rebate check or debit card.
- 5) Beware of cash back offers—as stated above, most carriers issue rebates as checks or debit cards.
- 6) Most authorized dealers are exclusive to one carrier. If a company is selling phones and contracts from multiple wireless carriers, it might not be an authorized dealer as major carriers have exclusive deals.
- 7) Safeguard personal information to minimize the risk of fraud and identify theft.
- 8) Make it clear to the retailer that you do not want them to call the carrier on your behalf or use your name to alter your original order without your express permission. Review all contracts before you sign them.
- 9) Be alert. If an offer sounds too good to be true it probably is.
- 10) Contact the carrier that is billing you and ask for customer care. If you think you're a victim, ask how the carrier can help you resolve the situation. If the carrier can't help, contact the California Public Utilities Commission (www.cpuc.ca.gov; 800-649-7570) and file a complaint.

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Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change. By providing financial education materials in multiple languages, a free national hotline, and an Annual Credit Card Survey, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices. More than 8,000 community and grassroots organizations benefit annually from its extensive outreach programs, training materials, and support.

About AT&T

AT&T Inc. (NYSE:T) is a premier communications holding company. Its subsidiaries and affiliates – AT&T operating companies – are the providers of AT&T services in the United States and around the world. With a powerful array of network resources that includes the nation's fastest 3G network, AT&T is a leading provider of wireless, Wi-Fi, high speed Internet and voice services. A leader in mobile broadband, AT&T also offers the best wireless coverage worldwide, offering the most wireless phones that work in the most countries. It also offers advanced TV services under the AT&T U-verseSM and AT&T |DIRECTVSM brands. The company's suite of IP-based business communications services is one of the most advanced in the world. In domestic markets, AT&T Advertising Solutions and AT&T Interactive are known for their leadership in local search and advertising. In 2010, AT&T again ranked among the 50 Most Admired Companies by FORTUNE® magazine.

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