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For Immediate Release

**FCC FINES SIX COMPANIES \$30 MILLION FOR MISLEADING
CONSUMERS OF PREPAID CALLING CARDS**
*Companies Engaged in Deceptive Advertising of Calling Cards, Delivered Only a
Fraction of the Minutes Promised to Consumers*

WASHINGTON, October 21, 2015 – The Federal Communications Commission has fined six companies a combined \$30 million for deceptively marketing prepaid calling cards. The companies falsely advertised that their low-cost prepaid calling cards could allow consumers far more calling minutes than were in fact being sold.

“Consumers should not have to comb through small print and contradictory disclosures to learn that the bold promises made in advertisements are false and misleading,” said Travis LeBlanc, Chief of the FCC Enforcement Bureau. “Companies that use deceptive tactics to betray consumer trust should expect to face stiff penalties.”

Locus Telecommunications, Inc.; Lyca Tel, LLC; NobelTel, LLC; Simple Network, Inc.; STI Telecom Inc.; and Touch-Tel USA, LLC were each fined \$5 million for deceptively marketing prepaid calling cards to consumers. The companies targeted advertising to immigrant consumers promising that the prepaid calling cards, which cost only a few dollars, could be used for hundreds or thousands of minutes in international phone calls. In fact, for that price, the consumers would be able to use only a fraction of the promised minutes due to the companies’ assessment of multiple fees and surcharges that were not clearly and conspicuously disclosed to consumers.

Through the course of its investigation, the FCC’s Enforcement Bureau reviewed marketing materials and disclosures contained on multiple prepaid calling cards and related advertising posters from the companies. The disclosures did not clearly and conspicuously disclose or explain the actual charges that would be incurred for a call and that those charges were subject to change by the companies, often without any notice to consumers.

Prepaid calling cards are frequently marketed to immigrant communities for calling a variety of international destinations. Such prepaid calling cards are popular within immigrant communities to help them stay in touch with family and friends in their home countries. The cards are typically sold in denominations of \$2, \$3, and \$5 at newsstands and in grocery and convenience stores. Companies often market prepaid cards under a variety of brand names and advertise them to consumers primarily using posters displayed in retail locations.

Today’s fines, voted on by the full Commission, are the final step in the Commission’s

investigation of the six companies. In 2011 and 2012, the Enforcement Bureau issued Notices of Apparent Liability to each of these companies for these deceptive practices.

For more information about the FCC's rules protecting consumers from fraud and deception, see the FCC consumer guide "Prepaid Phone Cards: What Consumers Should Know" available at: <http://go.usa.gov/3e6ZP> Consumer complaints can be filed in both English and Spanish through the Commission's consumer help desk at 888-225-5322 and www.fcc.gov/complaints

The Forfeiture Orders are available at:

https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-112A1.pdf
https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-113A1.pdf
https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-114A1.pdf
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https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-116A1.pdf
https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-117A1.pdf

The Notices of Apparent Liability are available at:

https://apps.fcc.gov/edocs_public/attachmatch/FCC-11-130A1_Rcd.pdf
https://apps.fcc.gov/edocs_public/attachmatch/FCC-11-131A1_Rcd.pdf
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https://apps.fcc.gov/edocs_public/attachmatch/FCC-11-132A1_Rcd.pdf

Action by the Commission September 14, 2015 by Order (FCC 15-112, FCC 15-113, FCC 15-114, FCC 15-115, FCC 15-116, FCC 15-117). Chairman Wheeler, Commissioners Clyburn, and Rosenworcel. Commissioners Pai and O'Rielly dissenting and issuing statements.

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).