

**Attorney General Myers Files \$575,000 Agreement
With Qwest Corporation and Affiliate Qwest Wireless LLC**

FOR IMMEDIATE RELEASE
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Attorney General Hardy Myers today filed a \$575,000 settlement agreement with Oregon's largest telephone service company, Qwest Corporation, and affiliate Qwest Wireless LLC concerning "cramming" unauthorized charges on consumers' bills and misrepresentations concerning wireless and DSL services. The Assurance of Voluntary Compliance, which admits no violation of law, was filed in Marion County Circuit Court.

Today's agreement resulted from a Department of Justice investigation of allegations from "whistleblower" employees and consumers concerning the pattern and practice of "cramming" telephone Line Feature Packages such as Custom Choice and Value Choice (now known as SelectPak) on customer bills. Complaints accused respondents' employees of misrepresenting the benefits and characteristics of wireless and DSL services. Justice also received several dozen complaints about Oregon "No Call" and "Do Not Call Back" law violations.

A Justice civil investigative demand, served on the respondents, uncovered support for the "whistleblowers'" allegations especially with regard to consumers who contacted the companies to establish local phone service for the first time. Qwest admitted that it treats every consumer contact as a sales opportunity. As the dominant local service provider, Qwest is able to carefully control the flow of information to new customers.

"Qwest's unethical practices railroaded new customers into paying increased fees for services they did not need," Myers said. "Their practices were particularly predatory against the elderly and non-English speaking 'new connect' customers."

Justice found that Qwest training manuals instructed employees to conduct misleading "needs identification" interviews that invariably resulted in the recommendation of a "package solution," even if consumers' true needs were more basic and less expensive. Training materials taught employees to deflect consumer questions about less expensive options and lead them back to more expensive package deals. Employees were encouraged to avoid disclosing the cost and availability of basic telephone service unless consumers demanded the information.

Justice also uncovered evidence that in 2000, Qwest emphasized the importance of selling packages by eliminating commissions for establishing basic telephone service. Employees had great incentive to sell packages or individual line features in order to collect income from commissions, which for most employees is a significant portion of their total paycheck.

With this type of incentive, investigators found that some employees went beyond confusing potential customers to unlawfully telling them that packages were their only option. Employees also told customers that packages would save them money when, in fact, their bills increased or told them that "basic service" included line features such as call waiting, caller ID and voice messaging when, in fact, it didn't.

Complaints about DSL service were mostly related to misrepresentations concerning availability and characteristics of the service and wireless service complaints involved inadequate disclosure of early termination fees and other benefits of service.

Under the agreement, Qwest and its affiliate Qwest Wireless LLC, must make refunds or give credits of up to six months to eligible consumers who were harmed by their practices and who earlier filed signed complaints with Justice, or who will file signed complaints with Justice in the next 120 days.

The respondents agreed to pay \$575,000 to the Justice consumer protection and education fund and must significantly change the ways in which their employees represent the costs and availability of basic service, line features and line feature packages. As of today, customers calling Qwest to establish new service must be told the price of basic telephone service.

The respondents agreed to stop "cramming," create internal audit and monitoring procedures to deter and punish unlawful conduct within the company, retrain employees on Oregon law, and comply with Oregon's "No Call" and "Do Not Call Back" laws. The companies also will send notices to customers, who currently have line feature packages that explain basic telephone service and potential ways to save money by individually purchasing line features rather than a package.

Consumers wanting information about "cramming" and "slamming" may call the Attorney General's consumer hotline at (503) 378-4320 (Salem area only), (503) 229-5576 (Portland area only) or toll free at 1-877-877-9392. Justice is online at www.doj.state.or.us.

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