

## [Banking and Finance Law Daily Wrap Up, ENFORCEMENT ACTIONS— State AGs seek disbursement of remaining funds in CFPB's action against Sprint, \(Jan. 6, 2017\)](#)

Banking and Finance Law Daily Wrap Up

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By [Thomas G. Wolfe, J.D.](#)

The Attorneys General for the states of Connecticut, Indiana, Kansas, and Vermont have jointly requested to intervene in the Consumer Financial Protection Bureau's enforcement action against Sprint Corporation in New York federal district court to ensure that the approximately \$14 million of Sprint's remaining, unused "consumer redress funds" are used for "consumer protection purposes." Noting that neither Sprint nor the CFPB plans on objecting to its intervention, the state AGs are specifically [asking](#) the court to direct the CFPB to disburse the remaining funds to the National Association of Attorneys General (NAAG) so as to continue and complete the development of the NAAG Training and Research Institute Center for Consumer Protection.

As previously reported (see [Banking and Finance Law Daily](#), Dec. 17, 2014), the CFPB filed its enforcement action against Sprint in U.S. District Court for the Southern District of New York, alleging that Sprint knowingly allowed unauthorized third-party charges to be billed to its wireless telephone customers between 2004 and 2013.

As observed by the state AGs, the CFPB claimed that Sprint's third-party billing system elicited the unauthorized charges by: "(i) enrolling customers in third-party billing without their authorization; (ii) giving third-parties access to Sprint's customers and billing system without implementing adequate compliance controls; (iii) failing to adequately resolve customer disputes; and (iv) ignoring warnings from customers, government agencies, and public-interest groups about the increasing incidence of unauthorized wireless charges."

During 2015, in addition to Sprint entering into separate multi-million dollar settlements with the Federal Communications Commission and with all 50 states and the District of Columbia to resolve charges stemming from its third-party billing practices, the CFPB similarly obtained a "Stipulated Final Judgment and Order" in the New York federal court. Among other things, the stipulated judgment's "Redress Plan" has required Sprint to provide up to \$50 million in refunds to its affected customers through a specified claims process.

**Unused funds.** In their Jan. 3, 2017, "Memorandum in Support of Joint Motion to Intervene to Modify Stipulated Final Judgment and Order," the state AGs [note](#) that the claims period for Sprint consumers has expired, and approximately \$14 million of the Sprint "consumer redress funds remain unused." According to the state AGs, "Absent modification of the Stipulated Judgment, the Remaining Funds will therefore be deposited in the U.S. Treasury as disgorgement."

Accordingly, in support of their intervention request to modify the existing stipulated judgment, the state AGs underscore that: (i) along with the CFPB, they also are government officials charged with enforcement of the Consumer Financial Protection Act and have adopted the same claims asserted by the CFPB against Sprint; and (ii) by disbursing the unused funds to the NAAG Training and Research Institute Center for Consumer Protection, the remaining funds would be used to "train, support and improve the coordination of the state consumer protection attorneys charged with enforcement of the laws prohibiting the type of unfair and deceptive practices alleged by the CFPB in this Action."

Companies: Sprint Corporation

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