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News Release

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Lowering the Bar Cingular Crippled Cell Service, Deceived & Overcharged AT&T Customers After Merger, Lawsuit Says

Consumers to Cingular: “Can You Hear Us Now?”

(Los Angeles, CA & Seattle, WA) Cingular Wireless misled and overcharged millions of AT&T cell phone users when Cingular bought AT&T Wireless, according to a nationwide lawsuit filed in federal court today.

Cingular bought AT&T’s cell phone system in October 2004, after assuring federal regulators that the merger would be “seamless.”

But, the lawsuit contends, instead of the new and better services that Cingular promised AT&T customers, Cingular immediately began dismantling and degrading the AT&T network, forcing AT&T customers to move to Cingular’s cell network. That meant buying new phone equipment, moving to higher cost plans, and, in some cases, an \$18 “transfer” or “upgrade fee.” Some customers who tried to go to another company were hit with “early termination fees” of \$175. Others who didn’t want to pay or couldn’t afford the fees have been stuck with riding out their contract with AT&T Wireless while suffering poor to no reception.

The lawsuit was filed in U.S. District Court in Seattle, Washington on behalf of all AT&T Wireless customers who were deceived or overcharged by Cingular’s actions related to the merger. The class action is brought by a group of nationally-recognized lawyers and law firms, including attorneys for the non-profit Foundation for Taxpayer and Consumer Rights (FTCR), a California-based crusader for consumer rights; the law firm of Cotchett, Pitre, Simon and McCarthy, of Burlingame, California, and Stritmatter, Kessler, Whelan, Withey and Coluccio, based in Seattle.

“Cingular promised AT&T customers it would ‘raise the bar’; instead, it lowered service quality, forced AT&T customers to move to Cingular, and then raised prices,” said Harvey Rosenfield, a lawyer for FTCR. Pam Pressley, FTCR’s Director of Litigation, said, “AT&T customers all over the country have complained about Cingular’s conduct. But Cingular gave people no choice: put up with the problems, pay to transfer to Cingular, or pay \$150 to get out. Too bad it takes a lawsuit to protect people. Hey, Cingular: ‘can you hear us now?’”

“Cingular has displayed an arrogance which sends the message that their market share is more important than their customers,” said Bruce L. Simon of Cotchett, Pitre, Simon & McCarthy.

“AT&T promised customers the moon but delivered nothing,” said Mike Withey of Stritmatter, Kessler, Whelan, Withey and Coluccio. “This suit seeks to hold them accountable to their loyal customers who have been forced to pay added fees just to get the service they were promised. It's not fair.”

Consumers' Horror Stories Led to Lawsuit

Complaints about the deterioration of AT&T service after Cingular bought it are legion.

“Before my contract with up with AT&T, my old phone stopped working. When I went to buy a new one, I was hit with an \$18 ‘upgrade’ fee to ‘transfer’ to Cingular, even though I thought they were now one company,” said California resident, Marygrace Coneff, one of the people bringing the suit. “Talk about a money-making scheme! But I felt I had no other choice if I wanted a functioning phone. If I didn’t pay the fee, I would have been hit with an early termination fee. They get you coming and going.”

“I was very happy with AT&T until the merger with Cingular in November 2004; that’s when all the trouble began,” stated Christine Aschero, another plaintiff. “Dropped calls, my phone not ringing, I didn’t get voicemails, and my phone would randomly go into ‘emergency mode.’ I called customer service to complain but their advice never helped. I went to the store to buy another AT&T phone and was told I could only get a Cingular phone and had to sign another two-year contract. Not happy with this option, I called the phone manufacturer of my AT&T phone and was told I need a new “SIM card” at a cost of \$25 to me and that I wouldn’t have use of my phone for a week. I agreed to this but was promptly hung up on. I tried back four times and was ultimately told they would send me a new phone because my phone wasn’t compatible with the new Cingular network, but for a \$15 fee. I got them to waive the \$15, but that phone had more problems then the last. I called again and they said they would send another phone, but wouldn’t waive the \$15. Only after filing a complaint with the PUC did Cingular contact me, but I still had to pay half my termination fee to leave them.”

As part of the merger with AT&T, Cingular promised that AT&T’s customer base would be allowed use of “the combined network, without roaming charges,” and insisted that “customers will continue to enjoy the benefits of their current phones, rate plans and features, without any service interruption.” In fact, AT&T customers were not allowed access to the combined network, and, according to the FCC, Cingular Wireless logged the highest number of consumer complaints in the industry in the first quarter following the merger.

The suit comes one week after the California Court of Appeal upheld a decision by the California Public Utilities Commission imposing a \$12.1 million fine against Cingular for promising cell phone service it could not provide and charging customers who tried to cancel early termination fees of up to \$500. FTCR has sued Cingular for that conduct; that case is underway.

For more information or a copy of the lawsuit, go to www.consumerwatchdog.org.

A fact sheet on the case is attached.