

RCR Wireless News

Wireless industry retaliates against prepaid phone traffickers

AT&T joins T-Mobile USA, Nokia, others in legal battle

By Jeffrey Silva

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Advertisement Just how big a problem is prepaid mobile-phone trafficking in the United States? All signs point to a potentially huge black market of international scope.

AT&T, the nation's largest mobile-phone carrier, alleges in a suit filed in Texas federal court that its GoPhones are being purchased in bulk and, after being unlocked, resold here and abroad -- including Latin America, Asia and the Middle East -- at a premium in violation of trademark law and other statutes.

The practice of using the Internet to recruit "runners" who accumulate large volumes of prepaid phones through purchases at retail stores before hacking them for resale at higher prices -- which effectively amounts to a theft of subsidies -- was believed to be largely limited to prepaid wireless vendor [TracFone Wireless Inc.](#) But, according to AT&T's suit, T-Mobile USA Inc., Nokia Corp. and Virgin Mobile USA L.L.C. have filed similar suits in various courts around the country.

AT&T is believed to be the largest cellphone company to retaliate in court against prepaid phone trafficking. The carrier's complaint targets Wireless Exclusive USA L.L.C., a Texas firm, and others. Wireless Exclusive could not be immediately contacted for comment.

"In an effort to prevent these unlawful practices, AT&T retailers have, under AT&T's direction, implemented policies limiting the number of GoPhones an individual can purchase. Defendants, through their illicit bulk resale scheme, have taken steps to circumvent these policies by, among other things, employing large number so runners to make multiple purchases of GoPhones on behalf of the defendants," stated AT&T in the 27-page complaint.

As a consequence, according to the suit, AT&T is losing millions of dollars.

James Baldinger, a lawyer who has represented TracFone in numerous hacking lawsuits -- many in Texas, Georgia and California -- is one of the attorneys representing AT&T in this case. Baldinger, of Florida-based law firm Carlton Fields, has scored million-dollar judgments in recent months against wireless phone hackers, and is working with federal law enforcement officials on the problem. Additional suits are expected to be filed, Carlton Fields stated.



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