Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	
Verizon's Petition for Waiver of the Commission's Section 27.16(E) Handset Unlocking Rule and Verizon's Tracfone Unlocking Commitment	WT Docket No. 06-150 GN Docket No. 21-112
Promoting Consumer Choice and Wireless Competition Through Handset Unlocking Requirements and Policies	WT Docket No. 24-186

OPPOSITION TO WAIVER AND COMMENTS OF PUBLIC KNOWLEDGE, BENTON INSTITUTE FOR BROADBAND & SOCIETY, CANADIAN REPAIR COALITION, CONSUMER REPORTS, ELECTRONIC FRONTIER FOUNDATION, FIGHT FOR THE FUTURE, IFIXIT, FULU FOUNDATION, OPEN TECHNOLOGY INSTITUTE AT NEW AMERICA, AARON PERZANOWSKI, REPAIR.ORG, AND SOFTWARE FREEDOM CONSERVANCY

John Bergmayer
Legal Director
PUBLIC KNOWLEDGE
1818 N. St NW, Suite 410
Washington, DC 20036

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The Commission should deny Verizon's request for a waiver of the handset unlocking requirements applicable to 700 MHz C Block licensees and to be relieved of unlocking conditions it previously agreed to during its acquisition of Tracfone. The company seeks to evade compliance with a longstanding, already-limited obligation. While Verizon portrays its request as consistent with public interest goals, it is directly at odds with the analysis presented in the Commission's recent unanimous Unlocking NPRM,[1] which proposed a uniform 60-day unlocking rule for all providers. Furthermore, Verizon's current waiver request contradicts even its own earlier position in this rulemaking. Although the Unlocking NPRM has not been adopted, it nonetheless provides a detailed and reasoned assessment of the issues at stake, demonstrating that phone unlocking requirements promote competition and the public interest.

I. Verizon Has Not Met the High Bar for a Waiver

A waiver is appropriate only where "special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest and will not undermine the policy underlying the rule."[2] Verizon has not met this test. The waiver request largely recycles existing carrier claims of handset fraud. By contrast, the record compiled in response to the Unlocking NPRM reflects broad consensus among public interest groups, MVNOs, new entrants, and even other facilities-based carriers for consistent application of a 60-day unlocking policy, with limited exceptions for clearly documented fraud.

Verizon advances three primary arguments in support of its waiver: (1) that unlocking enables fraud and harms consumers, competition, and Verizon itself; (2) that unlocking is

[1]Promoting Consumer Choice and Wireless Competition Through Handset Unlocking Requirements and Policies, *Notice of Proposed Rulemaking*, FCC 24-77, WT Docket No. 24-186, 39 FCC Rcd 8111 (July 19, 2024) (Unlocking NPRM)

[2] Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Order, 35 FCC Rcd 8832, ¶ 5 (Aug 19, 2020)(citing Northeast Cellular Tel. Co. v. FCC, 897 F.2d 1164, 1166 (D.C. Cir. 1990)).

unnecessary due to market changes; and (3) that legal and regulatory developments support a deregulatory approach. None are persuasive.

A. Verizon's Fraud Argument Is Unconvincing

Verizon claims that the handset unlocking rule, specifically the 60-day lock period, substantially contributes to an ecosystem of device fraud and trafficking that harms consumers, competition, and its own operations. According to its waiver request, the rule makes Verizon a prime target for criminal organizations that exploit carrier subsidies and acquire devices under false pretenses or through identity fraud.

Fraud and trafficking are legitimate concerns in any system that involves physical goods of high value and subsidized pricing. But Verizon's attempt to pin the problem primarily on unlocking, particularly on the 60-day period, is not supported by the broader record or by sound analysis.

First, fraud is not unique to carriers that unlock after 60 days. Carriers with much longer locking periods, such as AT&T and T-Mobile, also report high rates of device fraud and trafficking. This suggests that the issue is endemic to the business model, not the unlocking period. Traffickers are primarily responding to the arbitrage opportunity created by offering expensive devices at a steep discount in exchange for a service commitment, often without adequate identity verification.

Second, longer lock periods are not a silver bullet. Verizon offers no specific evidence that a longer lock period would have prevented the fraudulent acquisition of the devices it identifies. The global trafficking market does not rely on a universal blacklist, and only a fraction of the world's 800-plus mobile carriers participate in shared databases that reflect financial lock status. Consequently, a device can be financed in the United States, unlocked under Verizon's 60-day policy, and then shipped and activated in another country with no knowledge of its unpaid status. However, this is a vulnerability of international fraud enforcement and carrier coordination, not a flaw in the unlocking timeline.

Moreover, fraud already exists across the industry regardless of lock duration. The only argument Verizon can make is that the risk of fraud is marginally greater because unlocked devices are more valuable in the trafficking market. But it presents no data showing how much more profitable it is for traffickers to target Verizon over other providers, or that the delta in device value resulting from unlock status is large enough to drive targeting decisions.

Third, Verizon already has the tools to detect and respond to fraud within the current 60-day period. It can flag suspicious purchases, deny unlocking to devices that show signs of trafficking, and pursue legal or contractual remedies against fraudulent actors. The Commission has previously found that 60 days is a reasonable and sufficient period to allow providers to identify and act upon fraudulent behavior. Verizon has not shown that these prior determinations were in error or that its current loss mitigation measures are being overwhelmed solely because of the unlocking rule.

Fourth, device fraud is ultimately a law enforcement issue, not one that should be addressed by permanently locking phones or extending lock durations across the board. The Commission should be cautious about enshrining measures that restrict consumer rights and inhibit device portability in response to conduct that could instead be addressed through fraud detection improvements, better identity verification, and cooperation with criminal enforcement.

Finally, Verizon's argument contradicts the policy rationale underpinning the Commission's unanimous Unlocking NPRM. In that proceeding, the Commission tentatively concluded that a uniform 60-day unlocking requirement appropriately balances fraud prevention with consumer mobility and competition. Granting Verizon a waiver based on unsupported and speculative claims about fraud would be inconsistent with this analysis and would elevate the interests of a single provider above broader policy concerns.

The Commission should therefore reject Verizon's invitation to treat fraud as a blanket justification for abandoning a policy that benefits millions of consumers and fosters carrier and handset competition. Fraud prevention is important, but it must be achieved through targeted, evidence-based approaches, not by denying the public the right to use their devices as they see fit.

B. Market Developments Undermine Verizon's Case for a Waiver

Verizon argues that the unlocking requirement is obsolete, a holdover from a previous era of wireless market dynamics, and no longer necessary in light of current competitive conditions and consumer expectations. It claims that voluntary industry practices, such as the CTIA Consumer Code, and general competitive pressure are sufficient to ensure that consumers are able to use their phones flexibly. But this argument misreads both the actual state of the market and the purpose of the Commission's rules.

The U.S. wireless market today remains highly concentrated. The vast majority of subscribers are served by just three national carriers, which collectively hold close to 99 percent of the postpaid, non-MVNO market. Vertical integration, bundling practices, and device financing all create strong lock-in effects. For many consumers, the inability to bring a locked device to another network is not a minor inconvenience but a decisive factor that limits choice and sustains high prices. The Commission has acknowledged this, noting in its NPRM that disparate unlocking policies are not the result of natural competition but are instead the legacy of mergers, license conditions, and inconsistent regulation.

Far from resolving the issue, recent market developments underscore the continued need for clear, enforceable, and uniform unlocking policies. Consumers continue to complain in large numbers regarding locked phones. According to data collected by the Commission, tens of thousands of unlocking-related complaints have been received over the past decade.[3] These complaints reflect confusion about whether devices are locked, frustration with complicated unlocking procedures, and dissatisfaction with how providers communicate unlocking terms. This confusion disproportionately affects low-income consumers, non-native English speakers, and those purchasing used or refurbished phones.

Moreover, voluntary commitments have not proven sufficient. While the CTIA Consumer Code contains unlocking provisions, they are vague, contain large carve-outs, and lack enforcement. It has also been over 11 years since the voluntary CTIA unlocking standards were adopted – the market is different today, where devices with dual SIM and ESIM capabilities are more abundant in response to a market where consumers want the ability to be more flexible in choosing their services especially as new MVNOs have emerged. The Code allows for unlocking after one year of service or fulfillment of financing terms, which may be far longer than 60 days, and offers no uniformity in how unlocking is implemented across providers. In practice, consumers are still subject to inconsistent treatment based on which carrier they use, whether the device was purchased directly from the provider, and whether the phone was part of a postpaid or prepaid plan. A uniform regulatory standard would eliminate this confusion and bring clarity to the marketplace. But, in any case, a uniform unlocking scheme must aim to protect consumer interests, not the largest of the wireless carriers.

The claim that locking is no longer necessary due to competition also overlooks the significant harm caused to secondary markets. Locked phones cannot be resold as easily,

[3] Unlocking NPRM ¶ 15 n.37.

reducing their market value and shrinking the supply of affordable, high-quality used devices. This harms not just the resale ecosystem but also consumers who depend on used phones as an affordable entry point to mobile service. In a well-functioning, competitive market, used devices should be fully capable of operating on any compatible network. That is still not the case in the United States.

International experience further undermines Verizon's argument. Countries such as Canada[4] and the United Kingdom[5] have banned carrier locking entirely. In the UK, Ofcom found that locked phones deterred switching, and that more than a third of customers who decided not to switch cited unlocking as a key barrier. These findings are relevant in the U.S. context, where switching remains low and locked devices inhibit market fluidity. U.S. consumers deserve the same level of flexibility and portability.

C. Verizon's Legal and Deregulatory Arguments Are Misplaced

Verizon contends that the Commission may lack authority to impose unlocking requirements, particularly in light of recent judicial developments. It also argues that imposing unlocking conditions as part of license obligations or merger approvals may exceed the agency's statutory powers.

But these arguments are inconsistent with settled Commission practice and are premature in any event. The unlocking requirements applicable to C Block licensees, including Verizon, are rooted in Title III of the Communications Act. Title III grants the Commission broad authority to assign and manage spectrum licenses in the public interest, and to attach conditions to those

[4] Commission for Complaints for Telecom-television Services, Here's everything you need to know about Canada's unlocking fee ban (December 1, 2017), https://www.ccts-cprst.ca/heres-everything-you-need-to-know-about-canadas-unlocking-fee-ban.

[5] Mark Sweney, UK mobile phone firms to be banned from selling locked handsets, The Guardian (October 27, 2020), https://www.theguardian.com/money/2020/oct/27/uk-mobile-phone-companies-to-be-banned-from-selling-locked-handsets

licenses under sections 303(b), (g), (r), and 316(a)(1). In adopting the open access condition for the 700 MHz C Block in the Second C Block Order, the Commission acted pursuant to this authority. That decision has never been reversed, and the condition remains valid.

Likewise, the unlocking condition imposed in the Verizon-TracFone merger approval was clearly within the Commission's authority under section 214 and 310(d), which require it to ensure that mergers serve the public convenience and necessity. Verizon voluntarily accepted this condition, and it was found to be necessary to mitigate public interest harms. The Commission routinely imposes such conditions in merger approvals. To retroactively nullify a condition by waiver would undermine the integrity of the merger review process, re-opening settled matters years down the line, or any time the Commission changes leadership. Conditions on mergers before *this* Commission, voluntarily agreed to by all relevant parties, would be subject to review and reversal.

As for Verizon's argument that the Commission should take a deregulatory approach, that is a policy judgment better addressed through rulemaking. This very such rulemaking remains pending before the Commission, and notably, Verizon supported a uniform unlocking regulation. It does not justify a waiver. If Verizon believes the underlying rules are flawed or outdated, it should raise those concerns in the appropriate forum. Waivers are not a mechanism for policy change; they are limited exceptions to be granted only when justified by unique circumstances.

II. Verizon's Request Conflicts with a More Principled Approach

The waiver requested by Verizon would exacerbate precisely the sort of regulatory asymmetry and consumer harm that the Commission has repeatedly sought to eliminate. Rather than proposing a neutral and broadly applicable rule for all providers, Verizon seeks an exemption from rules that apply to it specifically because of its market position, its choice to bid for spectrum that carried with it public interest obligations, and its license and merger history. The public interest is not served by granting individualized waivers that further entrench the power of incumbent providers.

The Commission has long recognized that inconsistent unlocking policies can distort competition and harm consumers. The proposed rule in the Unlocking NPRM, while not yet adopted, reflects a reasoned and unanimous judgment by the agency that a uniform 60-day unlocking policy could promote competitive neutrality, reduce consumer confusion, and simplify enforcement. That NPRM, which proposes to apply a consistent unlocking rule to all providers regardless of spectrum holdings or legacy merger conditions, offers a forward-looking, comprehensive approach that applies to *every* provider. In contrast, Verizon's waiver request would roll back an existing unlocking requirement that already conforms with the Unlocking NPRM's tentative conclusions.

It is particularly inappropriate to grant Verizon relief from rules that were imposed to mitigate its market power in the first place. The C Block rules and the TracFone unlocking condition were adopted specifically to address concerns about competition and consumer choice, and to ensure that Verizon did not gain an undue advantage from its spectrum holdings or its acquisition of a major prepaid provider.

If the Commission were to grant this waiver, it would send a signal that providers can evade pro-consumer conditions simply by waiting a few years and returning to request exceptions. That would undermine the credibility of the Commission's licensing and merger review processes, and it would erode public confidence in the enforceability of the agency's own rules.

Finally, granting a waiver now would be inappropriate given the pending nature of the broader unlocking proceeding. If Verizon believes the Commission's current or proposed rules are flawed, it should advocate for change through the rulemaking process. The Commission should not preemptively resolve those issues by granting a waiver that contradicts the approach under consideration.

Verizon's waiver request conflicts with a more principled and consistent approach to unlocking policy. The Commission should affirm its commitment to competitive neutrality and deny the request. The Commission should maintain the rules in place while it continues to consider whether broader unlocking requirements are appropriate on an industry-wide basis.

III. Unlocking Benefits the Marketplace and the Public Interest

Automatic unlocking reduces switching costs, enhances competition, and promotes a more efficient and sustainable device marketplace. It facilitates the resale and reuse of mobile devices, reduces e-waste, and enables low-cost carriers and MVNOs to compete on a more level playing field. The opposite, which Verizon seeks through its waiver request, merely serves as a way to keep customers locked in one provider, a provider tempting consumers with "free" devices just to lock them in as customers. If consumers want to switch providers, they should be able to freely pick the operator and services which work best for them. They are doing it for a reason.

The effect of unlocking on the resale market is striking. For instance, in 2025, only 3 percent of smartphones sold by a major secondary marketplace were carrier locked. This is not because locked phones are unavailable, but because consumers strongly prefer unlocked devices due to their greater versatility, higher value, and broader compatibility. Locked phones are harder to resell and command lower prices, while unlocked phones support a thriving secondary market that keeps devices in service longer and reduces e-waste. Consumers who purchase used phones benefit from lower upfront costs, and sellers receive greater value for their devices. Secondary markets are growing in popularity. According to recent data, "nearly half of iPhone buyers (49%)

in the past year either traded in or sold their previous device. That's a meaningful jump from 43% in 2020, and reflects how much easier (and perhaps worthwhile) it's become to sell or offload your old phone."[6] More broadly, the growth in refurbished smartphone sales continues to outpace the growth in sales in new phones.[7] But secondary markets thus tend to almost entirely exclude locked devices, consigning them to junk drawers and landfills.

The subsidy-based device model used by major carriers further distorts this dynamic. U.S. telcos sell 70 percent of Apple smartphones, primarily under financing arrangements that obscure the true cost of the device behind inflated monthly service fees. These "free" or discounted phones are often cited as a reason to maintain locking policies, but they are, in fact, a key driver of consumer misunderstanding and market inefficiency. Customers often do not realize they are paying for the device in the long term through high service charges, and the inability to unlock and transfer these phones diminishes their overall value.

Even after Verizon agreed to a 60-day unlocking policy, it continued to aggressively promote installment plans and device discounts. Clearly, unlocking has not impaired its business model. The real value of these plans lies not in the hardware subsidy, but in their ability to reduce churn and lock customers into multiyear service agreements. If providers lose the ability to enforce network locking, they will face more pressure to compete on price and quality of service rather than simply using device contracts as a customer retention tool.

The competitive implications of unlocking are also significant. When customers bring their own device to a plan (such as a refurbished iPhone on a prepaid service like Visible) they can

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[6] Marcus Mendes, *What happens to old iPhones in 2025? CIRP says more people are selling them*, 9to5Mac, (June 25, 2025), https://9to5mac.com/2025/06/25/what-happens-to-old-iphones-in-2025.

[7] Counterpoint Research, Apple Reaches New High in Global Refurbished Market in 2024, But Supply Remains a Challenge (Feb. 24, 2025), https://www.counterpointresearch.com/insight/apple-reaches-new-high-in-global-refurbished-market-in-2024-but-supply-remains-a-challenge/

save hundreds of dollars annually. A comparison of typical postpaid service plans bundled with a new phone against prepaid alternatives using a high-quality refurbished device shows that consumers can save around $800 per year.[8] In such a market, prepaid service adoption rises, device reuse increases, and consumers keep their phones longer, leading to greater affordability and less environmental waste.

Unlocking policies particularly benefit lower-income consumers, who are more likely to use prepaid services, buy used devices, and switch carriers to seek out the best available deals. These consumers are most harmed by artificial restrictions that prevent their devices from being used across networks. Unlocked devices support affordability, competition, and digital inclusion.

In addition, by increasing the value and usability of phones in the secondary market, unlocking helps ensure that affordable phones are not artificially limited to certain carriers. This helps maintain a steady supply of inexpensive, fully functional phones in the resale market and gives consumers the flexibility to choose the provider that best suits their needs.

Phone locking distorts market competition, raises switching costs, and contributes to unnecessary e-waste. It impedes consumers' ability to take full advantage of the devices they already own, forces them to purchase new phones unnecessarily, and reduces their freedom to choose more affordable or higher-quality service options. It undermines price discipline among

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[8] Just comparing options from Verizon (who owns the Visible brand) itself shows the difference. *See* Visible, Unlimited Plan – Unlimited Talk, Text, and Data, Visible.com ($25/mo, taxes & fees included) (last accessed July 3, 2025); see also Visible, Bring Your Own Device https://www.visible.com/shop/bring-your-own-device. *Compare* Verizon, Unlimited Welcome Plan, https://www.verizon.com/plans/unlimited/ ($65/mo, excludes taxes & fees) (last accessed July 3, 2025) Based on those published rates, a consumer using a refurbished device on Visible’s plan would pay ~$300 annually ($25 × 12), while the equivalent Verizon plan alone costs $780/year ($65 × 12), yielding annual savings of ~$480—exclusive of phone-financing savings. Including the avoided cost of financing a new iPhone on a 36-month Verizon device payment plan (e.g., ~$23/mo), total annual savings easily approaches or exceeds $800.

carriers, makes it harder for smaller and prepaid-focused providers to compete, and reduces the availability of high-quality used devices on the secondary market.

Technological developments such as eSIMs make unlocking even more important. While eSIMs can theoretically make switching easier, in practice their benefits are often undermined by carrier control and locking. Unlocking ensures that these technologies live up to their potential, instead of becoming just another way for dominant providers to entrench their market power. The Department of Justice has previously expressed concerns that eSIM implementation could be manipulated to inhibit switching and maintain locking practices, highlighting the need for proactive regulatory oversight.

Unlocking handsets is a policy that aligns with nearly every one of the Commission's goals: enhancing competition, promoting consumer choice, reducing waste, increasing affordability, and ensuring that Americans can get the most out of the devices they already own. Verizon's request is not only unjustified by the evidence, but would actively undermine these broader policy objectives.

CONCLUSION

The Commission should deny Verizon's waiver request. The company has not met the standard for waiver relief and has failed to present compelling evidence that the existing unlocking rules, rules it voluntarily accepted and has been subject to for years, are unworkable. Verizon's arguments are inconsistent with the facts, the public interest, and the sound policy analysis set forth in the Commission's unanimous NPRM. Maintaining and enforcing the 60-day unlocking framework will promote consumer welfare, strengthen competition, and reduce regulatory confusion. Any modifications to unlocking policy should be addressed through rulemaking, not via individualized waivers that would only exacerbate existing inequities and market distortions.

Respectfully submitted,

/s John Bergmayer
Legal Director
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Aaron Perzanowski
Repair.org
Software Freedom Conservancy

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