

Resolution on Prepaid Calling Card Issues

WHEREAS, Despite the growth in wireless phone subscribership, VoIP and other new technologies, many Americans continue to rely on prepaid calling cards to complete intrastate, interstate, and international calls; *and*

WHEREAS, Many State and federal regulatory bodies receive consumer complaints about fraud and deceptive practices in the prepaid calling-card industry that have brought this issue to the attention of State public utility commissions, State attorneys general, the Federal Communications Commission, the Federal Trade Commission, many consumer groups as well as federal and State legislators; *and*

WHEREAS, The main victims of fraud and abuse in the prepaid calling-card market are primarily minorities, immigrants, U.S. Service men and women, the elderly, low income, and other distinct groups that are not inclined to or cannot afford to adopt new emerging technologies, or move often; *and*

WHEREAS, In response to growing concerns in this market, enforcement actions and civil cases have been initiated and are currently pending in several States against bad actors but concerns still remain. State regulators and attorneys general have been effective in enforcing consumer protections where possible and must continue to have the authority to enforce State consumer protection laws; *and*

WHEREAS, Legislation on this issue was adopted by the House and Senate in the 110th Congress. However, the differences were not resolved in conference. The sponsors, Senator Bill Nelson of Florida and Representative Elliot Engel of New York respectively, intend to reintroduce their legislation in the 111th Congress. The legislation would establish federal requirements for the disclosure of rates and services, outline unlawful conduct and allow for State enforcement of the federal standard – thus keeping more “cops on the beat” protecting consumers; *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) has previously expressed its commitment to competitive neutrality regardless of the technology utilized and that consumers benefit from full disclosure and application of all charges and fees in making an informed decision when purchasing communications service; *now, therefore, be it*

RESOLVED, That NARUC, convened at its 2008 Annual Convention in New Orleans, Louisiana, supports action to improve consumer protection with regard to prepaid calling-card services, provided that State consumer protections and enforcement are not diminished; *and be it further*

RESOLVED, That NARUC directs its General Counsel, with the consent of NARUC leadership, to communicate this resolution, including supporting initiatives that meet the above referenced goals regarding prepaid calling-card services, to federal and State agencies and Congress.

Sponsored by the Committee on Consumer Affairs

Recommended by the NARUC Board of Directors, November 18, 2008

Adopted by the Committee of the Whole, November 19, 2008