

Resolution on Telecommunications Toll Fraud

WHEREAS, Various organizations such as the FCC, the Exchange Carriers Standards Association, Stentor Alliance of Canada, International Communications Association, American Public Communications Council and other segments of the industry have taken steps to examine the increasing magnitude of PBX and pay phone toll fraud; and

WHEREAS, toll fraud occurs through the unauthorized ingress and egress of a customer's telecommunications system, causing losses estimated at from \$1 to \$5 billion dollars annually; and

WHEREAS, The International Communications Association members have experienced toll fraud involving thefts totaling more than \$73,500,000 over a three year period; and

WHEREAS, It is unclear how law enforcement agencies enforce prohibitions against this criminal activity; and

WHEREAS, There is no uniform policy or structure for the management of toll fraud liability issues among the affected industry segments; and

WHEREAS, The FCC has ordered LECs to tariff international direct dialed blocking service in interstate tariffs; and

WHEREAS, Assignment of responsibilities, liabilities, and obligations among and between the various providers who are potentially responsible for toll fraud must be determined; and

WHEREAS, States such as Florida, Texas and California have taken significant action to examine and address the responsibilities, liabilities, and obligations of all providers to take steps to prevent and control toll fraud and the assignment of liability when fraud occurs; now therefore be it

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its Winter Meeting in Washington, D.C., commends the FCC for holding an en banc hearing to call attention to the seriousness of the toll fraud problem and for assuming a leadership role in addressing this issue; and be it further

RESOLVED, That the industry and regulators jointly undertake a public information campaign to educate telecommunications users about toll fraud; and be it further

RESOLVED, That the regulators, telecommunications industry (both regulated and non-regulated sectors) and law enforcement agencies work together to request Congress to enact legislation that appropriately responds to the toll fraud problems and issues, including increased penalties for this criminal activity; and be it further

RESOLVED, That the regulators, telecommunications industry and law enforcement agencies work together to share information on system and equipment vulnerabilities which allow toll fraud to occur; and be it further

RESOLVED, That the toll fraud detection and prevention programs developed by the major IXCs should be offered to customers at cost in order to minimize the costs of responding to the toll fraud problem; and be it further

RESOLVED, That toll fraud detection and prevention programs should be developed by the LECs and offered under state tariff to customers in order to minimize the cost of responding to toll fraud; and be it further

RESOLVED, That NARUC encourage states to assign such responsibilities, liabilities and other obligations equitably, in a manner that recognizes those steps within a provider's control that can be taken to control toll fraud; and be it further

RESOLVED, That NARUC should support the efforts of states that seek FCC action to address toll fraud in a manner consistent with the state's efforts; and be it further

RESOLVED, That the NARUC General Counsel shall file papers and other documents supporting the policies of this resolution in the appropriate forums to further this recommendation.

Sponsored by the Committee on Communications
Adopted March 4, 1993
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