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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A 325
Washington, D.C. 20554

Re: *Ex Parte*, CC Docket No. 96-128
Fraud Challenges Related to the *Wright Alternative Petition*

Dear Ms. Dortch:

The Alliance for Telecommunications Industry Solutions (“ATIS”) Telecommunications Fraud Prevention Committee (“TFPC”) is writing to express its concerns regarding the potential for fraud that could result from the implementation of the *Wright Alternative Petition*.¹

ATIS is a technical planning and standards development organization that develops and promotes technical and operational standards for communications and related information technologies worldwide using a pragmatic, flexible, and open approach. Industry professionals representing more than 300 companies from all segments of the communications industry actively participate in ATIS’ open industry committees, forums and “Incubators.” The ATIS TFPC is composed of leading fraud prevention experts from the nation’s local telephone companies and interexchange carriers who work to resolve issues involving fraud impacting the telecommunications industry.

Over the past eighteen (18) years, the TFPC has actively worked eighty (80) different fraud issues impacting the telecommunications industry. Almost 20% of these issues address, to some degree, preventing fraud on the telecommunications network from the provision of inmate telephone service. Attached to this letter are: (1) a list of TFPC issues that relate to the control or prevention of inmate fraud, criminal activity and fraud on the telecommunications network; and (2) a list of current TFPC member companies that support recommendations to prevent fraud on the telecommunications network resulting from inmates using the telephone.

¹ *Petitioners Alternative Rulemaking Proposal (“Wright Alternative Petition”)*, filed by Martha Wright et al., CC Docket No. 96-128 (February 28, 2007); Errata to *Wright Alternative Proposal*, CC Docket No. 96-128 (March 1, 2007).

The ability to control inmate calling depends on the Inmate Telephone Service (ITS) providers' visibility and control over call traffic. Any attempt to alter that visibility and control over call traffic could create significant security breaches in the confinement facilities and fraud on the telecommunications network.

The *Wright Alternative Petition* seeks to dramatically lower interstate rates. If the FCC were to implement significant rate reductions on interstate calls only, the result would be disparate intrastate and interstate rates. This rate differential would create a significant incentive for arbitrage as family members of inmates obtain prepaid cellular telephones and voice over IP (VoIP) telephones with telephone numbers associated with a state different from the one where the family member resides. This would be rational economic behavior; however, it would have negative consequences for safety and security in confinement facilities.

The interstate-only rate benchmarks would directly degrade the ability of confinement officers to investigate inappropriate activity and to enforce calling restrictions. While some arbitrage is already occurring where a limited number of out-of-state customers are getting prepaid cellular or VoIP phones with numbers that are local to a specific confinement facility, the overwhelming majority (80% to 90%) of calls coming from a confinement facility are being placed to intra-state customers. If the *Wright Alternative Petition* were granted, it is likely that a significant number of customers would obtain telephones with out-of-state numbers. Such an increase could add to the burden on confinement officials and increase the potential risks described below.

Investigation of Inappropriate Activity. A called party's use of a telephone number that is not associated with the geographic area in which he or she resides is a cause for concern with inmate calling and may indicate inappropriate activity. Is the called party really a person the inmate is authorized to call? Are the inmate and the called party attempting to evade security features and mislead officers? Is the called party using a prepaid cellular phone to mask their identity and their true location?

For jurisdictional reasons, interstate activity may be more difficult for local officers to investigate than intrastate activity. For instance, to investigate potential inappropriate or illegal activities involving an intrastate call, a confinement official can utilize established contacts with appropriate local and state officials. To investigate an interstate call, the confinement official may not have established contacts or protocols to investigate such activity. Additional complexities are inherent in this type of situation. It is therefore especially problematic when the called party obtains and uses a telephone number from a different state.

Enforcement of Calling Restrictions. These interstate rate benchmarks will lead to a reduction in confinement officers' ability to maintain adequate controls on inmate calling. This could impact the safety and security of the facility and the general public. The inability to identify the location of the called party could in some cases impede the confinement officials' ability to prevent harassing calls to victims.

By dramatically increasing the number of interstate calls and therefore the number of calls for which the location of the called party may not be known, the *Wright Alternative Petition* could also compromise the safety and security of the confinement facility by providing opportunities for inmates to obscure illegal activity (*i.e.*, smuggling of contraband).

The ATIS TFPC recommends that the FCC not adopt the proposal outlined in the *Wright Alternative Petition*. The inevitable rate arbitrage resulting from interstate-only rate benchmarks could compromise security controls at confinement facilities, and the resulting fraud on the telecommunications network would increase telecommunication company costs and negatively impact the public.

If you have any questions or would like additional information regarding this matter, please feel free to contact the undersigned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas Goode".

Thomas Goode
ATIS General Counsel

Attachment #1 - List of TFPC Issues Focusing on Controlling Inmate Calling to Prevent Abuse of the Public, Criminal Activity and Fraud on the Telecommunications Network

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| TFPC Issue #002, Prison Fraud Control, Opened January 1988, Placed in Final Closure March 1989 | |
| Issue Statement: | <p>Most correctional facilities today make telephones available to inmates during varying hours of the day. Most often these telephones are restricted to collect calling only to prevent unwanted balling and/or harassment.</p> <p>However, due to the intricacies of network architecture, inmates have been successful at reaching a subscriber's dial tone. Utilizing the touch tone pad on the prison phone, the inmates are able to place calls at the subscriber's expense.</p> |
| Resolution Statement: | <p>A trial co-sponsored by AT&T and BellSouth to determine the best method of curtailing network abuse by prison inmates has been completed. It was discovered that a number of vendors have devices that can provide additional screening on individual line basis.</p> <p>The most positive finding is that these devices allow for only a given number of digits to be dialed, thus disallowing the input of authorization codes or use of customer dial tone. A trial of one manufacturer's product verified its effectiveness.</p> <p>There are 4 known vendors of these devices:</p> <ul style="list-style-type: none"> * Mitel Corporation * CTI Corporation * Science Dynamics * Tennessee Sheet Metal <p>AT&T and BellSouth concur that the resolution of the issue is to attach these devices to the inmate lines. Determination as to which unit to choose should be on an individual company basis. Both AT&T and BellSouth recommend that these devices be adopted as the industry standard for curtailing fraud of this nature by prison inmates.</p> |
| TFPC Issue #011, Prisoners Placing Fraudulent Collect Calls to Business Offices, Opened October 1988, Placed in Final Closure July 1989 | |
| Issue Statement: | <p>Business offices within the Bell Atlantic Region are being charged with hours of fraudulently placed collect calls placed by prisoners.</p> |
| Action Taken by the TFPC: | <p>In the late 1980's the industry developed automated collect calling for inmate facilities to:</p> |

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| | <ul style="list-style-type: none"> • Prevent inmates from having access to live operators; • Provide notice to the called party that the call was from a “Named” inmate in a “Named” confinement facility; • Provide the called party an opportunity to accept or refuse the collect call before any charges were incurred and before the inmate was allowed to speak. • Provide set time limits on all calls. |
| <p>TFPC Issue #018, Automated Collect Calls, Opened July 1990, Placed in Final Closure May 1991</p> | |
| <p>Issue Statement:</p> | <p>New technology in private payphones allows "Automated Collect" calls to be made from a pay station to any other phone connected to the network, including any other payphone, which when answered, will cause a bill to be sent by the calling parties set, through the calling parties billing company to the set/phone that answered the originating call. This system is not known to check with any BVA in the usual manner and essentially allows calls to be completed with NO pre-validation. Fraud calls billed to the answering party can be the result.</p> |
| <p>Resolution Statement:</p> | <p>The TFPC recommends that any telecommunications service provider, opting to originate Automated Collect type calls billed to other than the original party, validate the billing number to prevent unauthorized calls from being placed as a result of such non-validation.</p> |
| <p>TFPC Issue #020, Subscription Fraud, Opened October 1990, Placed in Final Closure April 1992</p> | |
| <p>Issue Statement:</p> | <p>With growing frequency, defrauders are establishing telephone service and billing large numbers of calls to that service, with no intention of paying the bill. This is often done by providing the LEC with fraudulent information on the service application.</p> |
| <p>Resolution Statement:</p> | <p>The TFPC agreed to close the issue with the following resolution statement:</p> <ul style="list-style-type: none"> • Enhanced verification procedures would allow for further up-front screening for initial service therefore assisting in preventing this fraud before it occurs. Prevention should always be the first option to pursue if possible. This would require regulators to permit sufficient flexibility, when negotiating new service, to take legitimate precautions. • Advance high toll notifiers as well as other indicators such as call duration and specific country codes help with early identification of this fraud. • Education and incentive programs will assist in further reduction of this fraud. Programs can be geared for the |

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| | <p>local exchange companies, long distance companies, and the general public at large.</p> |
| <p>TFPC Issue #026, Call Forwarding Fraud, Opened February 1993, Placed in Final Closure January 1995</p> | |
| <p>Issue Statement:</p> | <p>We have become aware of many instances in which remote call forwarding has been used as a vehicle to commit toll fraud. IXCs wish to avoid completing collect and third (3rd) party billed calls when acceptance comes from other than the billed number.</p> <ul style="list-style-type: none"> A. Fraud perpetrators are activating the call forwarding feature by tampering with the junction box in the apartment basement. Residence lines are then call forwarded to a coin station where third (3rd) party billing is accepted. B. Additionally, local service is being established (usually fraudulently) and the line is call forwarded to a toll-free number IXC access number which allows outbound calling. By transiting through a local number, the real ANI is masked, allowing the caller to bypass call controls in place at the originating location. |
| <p>Resolution Statement:</p> | <p>Call forwarding features have been successfully exploited in a variety of ways by the fraud community to gain access to the domestic and international networks.</p> <p>The Toll Fraud Prevention Committee performed an extensive evaluation of the vulnerabilities associated with call forwarding features and developed a list of potential solutions which could minimize the toll fraud implications.</p> <p>The industry recommendation should not be construed as the only solution to call forwarding fraud, nor should it preclude any segment of the telecommunications industry from developing and deploying other solutions. Just as new variations of a fraud problem occur over time, innovative solutions to deal with the problems should continue to be developed and pursued.</p> <p>Successful fraud control is achieved by implementing up-front toll fraud prevention measures balanced with the ability to detect abuse and the capability to impose controls or corrective measures. Following is a list of prevention and detection measures for your consideration in controlling call forwarding abuse. Some of the solutions are technologically feasible now; others require development. All service providers are also encouraged to continue efforts to educate customers regarding</p> |

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| | the use of social engineering in committing call forwarding fraud. |
| TFPC Issue #029, Identify Potential Fraud Issues with Billed Party Preference (BPP) Opened August 1993, Withdrawn January 1997 | |
| Issue Statement: | With Billed Party Preference (BPP) being considered by the FCC the issue of the impact of BPP and any potential fraud concerns (e.g. inmate phone service) need to be identified. |
| Action Taken by the TFPC: | During the work of Issue #029, the TFPC identified numerous fraud concerns for Inmate Telephone Service (“ITS”), and threats to the telecommunications network that would result from using multiple carriers to provide ITS in a confinement facility. Following the FCC decision to withdraw consideration of BPP, TPFC Issue #029 was withdrawn. |
| TFPC Issue #046, Prison Originated Fraud, Opened April 1995, Placed in Final Closure, July 1996 | |
| Issue Statement: | A significant amount of fraud originates from prisons due to several known methods which circumvent existing fraud controls. New fraud technology has made it possible for fraudsters to avoid detection and these methods exacerbate other types of fraud on operator assisted calls. |
| Resolution Statement: | <p>The Toll Fraud Prevention Committee in its effort to control fraud from confinement facilities recommend that utilizing any of the possible solutions listed below would assist in minimizing this risk. Utilizing credit assessments as depicted in the TFPC White Paper on Subscription Fraud (TFPC Issue 20) could also help deter this problem.</p> <ul style="list-style-type: none"> • Provision an Alternate Billing Services Fraud Monitoring System • Utilize LIDB • Provisioning of Specific ANI II digits for Inmate Service • Utilize Inmate Dialing Screening: • Conference Call Detection • Confinement Facility Call Branding • Automated Operator Services • Excessive Toll Notification • Traffic Velocity Checking with Customer Provided Equipment • Predetermined inmate call duration limits • Establish working relationships between local and long distance service providers • On-Site administration for use in fraud detection. |

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| TFPC Issue #057, Subscription Fraud Revisited, Opened October 1997, Placed in Final Closure October 1999 | |
| Issue Statement: | Perpetrators of Subscription Fraud have become more sophisticated and aggressive in their efforts to assume new identities and to mask their real identities. As a result, the TFPC White Papers on Subscription Fraud may be out of date or missing pertinent information. |
| Resolution Statement: | Telecom industry service providers should continue to cooperate in their efforts to combat subscription fraud. It is also recommended that these service providers join forces to lobby for regulatory changes that will assist the industry in controlling subscription fraud. Tariff language should be enhanced to require certain pieces of identification and the right to refuse service when the information given cannot be verified or proves to be false. |
| TFPC Issue #058, Fraud Prevention for Local Resale, Opened May 1998, Placed in Final Closure January 2003 | |
| Issue Statement: | Local resale presents significant opportunities for fraudulent activities since there is no way to identify the Billing Telephone Company at the time casually billed direct dialed (101XXXX) or alternately billed (collect, third party, or calling card) calls are placed. |
| Resolution Statement: | The TFPC agrees that the problems surrounding service provider identification create the opportunity for fraud. The TFPC encourages companies to be vigilant in checking for this type of fraud and to adopt the solutions outlined in this paper. |
| TFPC Issue #64, Identity Theft, Opened October 2000, Placed in Final Closure, February 2003 | |
| Issue Statement: | Inconsistent industry practices regarding Identity Theft has resulted in Federal review. This could result in Federal mandated practice if the Industry does not implement best practices. |
| Resolution Statement: | The Telecommunications Fraud Prevention Committee, in its efforts to develop standards to address the various ID Theft issues, recommends that members review the above list of suggested resolutions for implementation in their companies. The TFPC strongly recommends that member companies adopt and implement the FTC/Industry developed Standard Fraud Declaration Package. The TFPC assisted in the development of the package and endorses its use for the Telecom Industry. Use |

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| | <p>by all member companies ensures the effective handling of victim claims to reduce the complaints registered at the FTC.</p> <p>In addition, the following closed TFPC issues should be reviewed for additional background and recommendations as appropriate:</p> <ul style="list-style-type: none"> • Issue # 57 – Subscription Fraud Revisited (White Paper) • Issue # 44 – Coordinated Criminal Investigations • Issue # 62 – Social Engineering of Telecom Personnel (White Paper) • |
| <p>TFPC Issue #065, Guarding Against Fraud from Prepaid Local Service Accounts, Opened September 2000, Placed in Final Closure January 2003</p> | |
| <p>Issue Statement:</p> | <p>There is a growing industry in the pre-paid local service market. Most often these lines are sold to customers with low or no credit and/or those who wish anonymity. A cash payment in advance is required to get dial tone and little or no credit/identify checks are done on the subscriber. In fact, it is impossible to get BNA information on the subscribers from virtually all of the pre-paid local providers. When fraudsters purchase service from these pre-paid providers abuse on other carriers is a regular occurrence.</p> |
| <p>Resolution Statement:</p> | <p>With the projected increase in Prepaid Local Service, the members of this sub-committee feel this is a critical issue, however, the solutions examined are expensive and require significant lead-time for implementation. This sub-committee recommends the following actions be considered for implementation in the near-term:</p> <ol style="list-style-type: none"> 1. Pursue regulatory measures to force providers of prepaid local services to adhere to prepaid local resale identification and blocking standards as outlined in Section D of the white paper, “Guarding against Fraud from Pre-Paid Local Service Accounts“ associated with Issue #065. 2. Implementation of, and full industry participation in industry line level databases <p>The long-term solution should place more emphasis on “the big picture,” which includes implementing proposed solutions from Issue #58 – Fraud Prevention in Local Resale.</p> |
| <p>TFPC Issue #066, Payment Fraud in Telecom Accounts, Opened June 2001, Placed in Final Closure January 2002</p> | |
| <p>Issue Statement:</p> | <p>New payment options are being introduced as a form of payment that result in delay in identification of a subscription fraud account, resulting in significant final bill write-offs.</p> |

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| Resolution Statement: | The Telecommunications Fraud Prevention Committee in its efforts to control all types of fraud perpetrated against the industry hereby recommends use of the Payment Fraud White Paper dated December 11, 2001 as a reference and educational document on the subject of controlling Payment Fraud in telecom accounts. |
| TFPC Issue #068, Failure to Launch or Correctly Populate LIDB Validation Queries for all ABS | |
| Issue Statement: | LIDB (Line Information DataBase) validation queries are not performed for every alternately billed services (ABS) and information in queries is sometimes erroneous and/or incomplete, hindering the ability to monitor ABS validation attempts. ABS includes collect, billed to third and calling card calls. |
| Resolution Statement: | Carriers are encouraged to provide accurate and complete information on originating and terminating numbers for calls when querying LIDB. With the variety of billing validation techniques utilized in the industry today, it is suggested that industry participants develop methods for sharing information as discussed in the attached 4 Step Document for Issue #068. This sharing of information would serve to enhance the data provided by LIDB. |

Attachment #2 - List of Current TFPC Member Companies

AT&T

Bell Canada

British Telecom

Consolidated Communications

Cox Communications

NeuStar, Inc.

Pay Tel/APCC

Qwest

Sprint Nextel

TCC Teleplex

Verizon