

December 27, 2010

John D. Rockefeller IV, Chairman  
U.S. Senate Committee on Commerce, Science, and Transportation  
Washington, DC 20510-6125

Re: Investigation into unauthorized third party changes on phone bills

Dear Chairman Rockefeller,

I am writing to provide information I hope will be useful to the Commerce Committee's investigation into deceptive third party billing, or "cramming", through telephone bills. I experienced this firsthand when a company named LaurenTel placed unrequested charges on my Windstream landline phone bill. I feel that I am writing not only for myself, but also for many of my fellow citizens - some of who don't even realize they are being victimized.

My odyssey began when my Windstream landline service was terminated per my request on 8/12/10. I received a final Windstream bill dated 8/16/10 for \$8.23 that I assumed was for residual Windstream charges and paid. Later, I received an additional final Windstream bill dated 9/15/10 for \$8.23. Subsequently, I realized that I had been unknowingly paying LaurenTel through unauthorized third party billing on my Windstream bill for voicemail services I never requested, never used, and did not need.

I phoned Windstream at 1-800-347-1991 on 9/20/10 and discussed the matter with a Windstream representative who indicated that my problem was not an issue for Windstream to deal with and that it was up to me to contact LaurenTel directly to correct the matter. The Windstream representative instructed me not to pay the final bill and to phone LaurenTel at 1-800-354-9888 to request that the service be cancelled and a credit issued for the previous payments I had made to LaurenTel.

I phoned LaurenTel on 9/20/10 and, after navigating through a series of voice prompts, I spoke with someone named "Lester" that I had great difficulty understanding and communicating with. Lester told me that the LaurenTel service was requested from [REDACTED] (an email address I never heard of) and that my first invoice from LaurenTel was dated 06/30/10. He stated that a credit would be issued to my Windstream account. I later discovered that I only received a credit for the amount of the final bill. Two months later I received a total credit of \$8.72. I also discovered that Lester was not truthful and that my first invoice from LaurenTel dated back to 01/27/10. I actually paid LaurenTel a total of \$66.04, leaving me shorted \$57.32 by the credit I eventually received.

Over the two months that it took LaurenTel to issue the credit, I continued to receive "past due" bills from Windstream for the amount of the final bill, but I withheld payment as instructed by the Windstream representative on 9/20/10.

[REDACTED] - 12/27/10

Page 1 of 2



I received a letter from Windstream's Financial Services Department dated 10/05/10 stating that I should pay the full amount of the final bill immediately in order to avoid further action that would adversely affect my credit rating. In response, I sent a detailed letter to Windstream's Financial Services Department (1720 Galleria Blvd. Charlotte, NC 28270) on 10/17/10 explaining the situation and asking them if I should pay the final bill or continue to withhold payment as previously instructed. The only reply from Windstream was a second letter dated 10/25/10 informing me that they would turn the amount of the final bill over to a collection agency if it was not paid in full by 11/04/10. In response, I relented and paid off the final bill.

I have also written to LaurenTel (P.O. Box 50480 Minneapolis, MN 55405) twice to explain my situation and request that they reimburse me for the amount I was shorted by the previously issued credit. Both letters were ignored. I have since filed complaints against LaurenTel with the FTC and FCC. At this time I have no hope of getting back the \$57.32 that I unknowing paid for a service I never requested and never used. Obviously, that is not a lot of money, but consider this: I told two family members who are also Windstream customers of my cramming experiences and, as a result, one of them discovered she has been similarly taken advantage of. When she called Windstream about it, her call was directly transferred to LaurenTel by the Windstream representative. All this leads me to believe that a large number of other Windstream customers may be similarly victimized, with huge financial benefits to LaurenTel or similar companies.

While I have found LaurenTel's practices in this matter to be completely reprehensible, I have also been disappointed by Windstream. In addition to Windstream's poor responsiveness to my dilemma, I am disappointed by their apparent lack of interest in warning customers about cramming. In searching through my old Windstream bills I noted that the first bill I received with Laurentel charges contained a notice in small font below the LaurenTel charges stating, "The service provider appears on this month's bill and was not on last month's bill". That is the closest thing to a warning I am aware of from Windstream on the issue of cramming. I believe that Windstream can and should do more to warn customers about the hazards of cramming, and I stated that in my letter to Windstream of 10/17/10 that went unanswered.

I have documentation of all the statements I have made and can provide the documentation if it would be helpful to your investigation. I can be reached by email at [REDACTED] by phone at [REDACTED] and by USPS at the address below.

Sincerely,

[REDACTED]

Leeds, AL 35094-5732

[REDACTED] 12/27/10

[REDACTED]  
[REDACTED]  
CHICAGO, IL 60657  
(773) [REDACTED]

April 18, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on  
Commerce, Science, and Transportation  
508 Dirksen Senate Office Building  
Washington, DC 20510

RE: Unauthorized third-party charges  
on telephone bills

Dear Chairman Rockefeller:

I received a telephone call from Mr. Jim Trilling asking me to relate to you my experiences with unauthorized third-party charges on phone bills. My charges came from a company called ESBI. This company performs billing services for AT&T. ESBI came to my attention when I noted that the charges on my monthly bill seemed larger than normal. On scrutinizing the bill, I found on the very last page a charge for "voice mail service". I was being charged over \$12.00 per month for this service that I did not order. There was a similar charge on my previous months bill. I called ESBI and was told by their representative that I had ordered this service. I told them that I had never ordered this service and demanded a refund for the two months unauthorized charges. The refund showed as a credit on my next bill.

I then read an article in AARP Magazine on "Cramming" which detailed people's experiences with unauthorized charges from various companies. ESBI was named in the article. They stated that ESBI had been sued twice for fraudulent practices. I was outraged. How could they keep doing this to people. The article suggested a call to the FTC if you were a victim of cramming. I called the FTC and was told to contact my local Attorney General's Office. I called Lisa Madigan's office and also wrote a letter about my cramming experience. After their investigation, they contacted AT&T. I then received a phone call from the executive offices of AT&T. They informed me that these unauthorized charges had not been for just the last two months but had, in fact, been going on, without my noticing, for four years. I was told that I had over \$400.00 worth of



unauthorized charges from ESBI. AT&T has refunded the full amount in the form of a credit on my monthly phone bill.

For me, the monetary issue has been resolved. As I wrote to the Attorney General's office, the money is secondary. What I want to see happen is that these companies can no longer prey on the unsuspecting public.

I applaud you for taking on these companies and I await word of the passage of legislation that will put an end to these fraudulent practices.

Sincerely,

A thick, black horizontal bar used to redact the signature of the sender.



TOM TINDALL  
Director

County of Los Angeles  
**INTERNAL SERVICES DEPARTMENT**

1100 North Eastern Avenue  
Los Angeles, California 90063

*"To enrich lives through effective and caring service"*

Telephone: (323) [REDACTED]  
FAX: (323) [REDACTED]

May 23, 2011

The Honorable John D. Rockefeller IV, Chairman  
United States Senate Committee on Commerce, Science and Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Rockefeller:

On May 18, 2011, Los Angeles County staff spoke to James Trilling, United States Senate Committee on Commerce, Science and Transportation, regarding the County's experience with unauthorized third-party telephone charges, also known as "cramming." Mr. Trilling explained that the Senate Commerce Committee is investigating the practice of cramming and asked that we relate our experience addressing this problem.

The County's Internal Services Department is responsible for paying the County's telephone bills. The County has approximately 120,000 telephone lines. In November 2009, upon implementation of a new billing system, the County was able to identify unauthorized charges that appeared on our bills. The new billing system allowed the County to view charges in greater detail than with the previous system. Since November 2009, we have identified approximately 1,500 unauthorized third-party charges per month. The unauthorized charges appeared on voice and fax lines and were for a variety of "services" including voice mail, identity theft protection, privacy-related and debt-related services.

Identified unauthorized charges are disputed with the County's contracted telecommunications provider, AT&T. As of February 2011, the County has received over \$306,000 in credits from AT&T for unauthorized third-party charges.

To eliminate future unauthorized third-party charges, AT&T input the County's telephone line inventory into their third-party billing database which blocks unauthorized third-party charges. There has been no reported impact to County employees for services lost as a result of blocking third-party charges.

The Honorable John D. Rockefeller IV, Chairman  
May 23, 2011  
Page 2

Since November 2009 when County staff started working with AT&T on the cramming issue, approximately 125 man-hours of labor per year has been dedicated to working this issue. This labor has been spent identifying the unauthorized charges, submitting the charges to AT&T and confirming receipt of credit.

The County appreciates the Senate Committee's investigation into the deceptive practice of cramming and hopes that the information we have provided is useful to the Committee's understanding of the impact of cramming on local government.

If you have any questions or require additional information, please contact me at (323) [REDACTED].

Very truly yours,



Tom Tindall, Director  
Internal Services Department  
County of Los Angeles

TT:ra



**City of Tyler - Information Technology**  
212 N. Bonner Avenue, Tyler, Texas 75702-5521  
903- [REDACTED] - Fax: 903- [REDACTED]

May 27, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on Commerce, Science and Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Rockefeller,

In regards to my recent conversation with James Trilling of your staff and his subsequent request, enclosed please find documentation of phone cramming charges for the City of Tyler, Texas.

Shortly after accepting my position with the City more than two years ago I noticed these unauthorized recurring charges on our AT&T monthly landline invoices. After many phone calls and verbal battles with broker representatives, I garnered retroactive credits totaling almost \$2400. Ongoing it is a monthly struggle with an additional \$434 in credits, and \$110 still due. The attached spreadsheet details all vendors, alleged services, brokers, contact information and transaction amounts I have encountered to date.

Many of the contacts listed on my spreadsheet were gleaned from internet searches, or multiple calls and referrals instead of being readily available on the billing document. And in at least one instance I was only able to leave messages, neither speaking with a "live" person nor received a credit, yet the billing stopped. The soft costs of man-hours within all levels of government wasted to identify, confront and track these transactions must be staggering! Thank you for your work in this arena, and if I can be of any further assistance, please do not hesitate to contact me at your convenience.

Sincerely,

Rita Ramsey  
Administrative Assistant, Information Technology  
City of Tyler, Texas  
[REDACTED]

cc: File  
:rkr



**Cramming Charges Audit**

| Invoice Date | Cramming Company               | Broker Company                | Type of Alleged Service    | Contact Number | Date of Contact | Name of Contact | Results   | Amount      |
|--------------|--------------------------------|-------------------------------|----------------------------|----------------|-----------------|-----------------|---|-------------|
| 9/15/2010    |                                | Discount Directory Assist     | Phone # Lookup             |                |                 |                 |   | \$ 8.50     |
| 9/15/2010    |                                | Discount Directory Assist     | Phone # Lookup             |                |                 |                 |   | \$ 8.50     |
| 6/15/2010    |                                | Discount Directory Assist     | Phone # Lookup             |                | 6/25/2010       |                 | left Voicemail  | \$ 8.50     |
| 6/15/2010    |                                | Discount Directory Assist     | Phone # Lookup             |                | 6/25/2010       |                 | left Voicemail  | \$ 4.25     |
| 6/15/2010    |                                | Discount Directory Assist     | Phone # Lookup             |                | 6/25/2010       |                 | left Voicemail  | \$ 4.25     |
| 12/15/2009   | 3ILLVIAPHONE.COM LLC           | Enhanced Services Billing Inc | Internet Voicemail         |                | 1/12/2010       | Wayne           | Cancellation #C1327234  | \$ 29.90    |
| 10/15/2009   | 3ILLVIAPHONE.COM LLC           | Enhanced Services Billing Inc | Internet Voicemail         |                |                 | Stava           | Cancellation # C1034644   | \$ (14.95)  |
| 9/15/2009    | 3ILLVIAPHONE.COM LLC           | Enhanced Services Billing Inc | Internet Voicemail         |                | 1/26/2010       | Rebecca         | credit in progress  | \$ 14.95    |
| 2/15/2010    | DIGITAL VMMAIL INC             | Enhanced Services Billing Inc | Internet Voicemail         |                | 3/12/2010       |                 |   | \$ (44.85)  |
| 1/15/2010    | DIGITAL VMMAIL INC             | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ 14.95    |
| 12/15/2009   | DIGITAL VMMAIL INC             | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ 29.90    |
| 4/15/2010    | INSTANT 411, Inc               | OAN                           | Phone # Lookup             |                |                 |                 |   | \$ (29.90)  |
| 1/15/2010    | INSTANT 411, Inc               | OAN                           | Phone # Lookup             |                |                 |                 |   | \$ 14.95    |
| 2/15/2010    | INSTANT 411, Inc               | OAN                           | Phone # Lookup             |                | 2/23/2010       | Mike            | Cancellation # 7921998  | \$ 14.95    |
| 4/15/2011    | EWVIBZONE.COM LLC              | Payment One Corp              | Search Engine Optimization |                | 3/25/2011       | Thurman x 225   | Cancellation # 599495   | \$ (39.95)  |
| 3/15/2011    | EWVIBZONE.COM LLC              | Payment One Corp              | Search Engine Optimization |                |                 |                 |   | \$ (199.90) |
| 2/15/2011    | EZIPSEARCH, LLC                | Payment One Corp              | Search Engine Optimization |                | 1/11/2011       | Imad            | Cancellation # 011175   | \$ 99.95    |
| 1/15/2011    | EZIPSEARCH, LLC                | Payment One Corp              | Search Engine Optimization |                | 1/3/2011        | Brandon         | Rep will call back  | \$ 99.95    |
| 12/15/2009   | SERVICE GRP INTERNATIONAL, LLC | Payment One Corp              | Website Set up & Hosting   |                |                 |                 |   | \$ (69.90)  |
| 11/15/2009   | SERVICE GRP INTERNATIONAL, LLC | Payment One Corp              | Website Set up & Hosting   |                | 11/19/2009      | Tenish          | Cancellation # 329589   | \$ 34.95    |
| 10/15/2009   | SERVICE GRP INTERNATIONAL, LLC | Payment One Corp              | Website Set up & Hosting   |                | 7/24/2009       | Sheniqua        | Cancellation # 626452   | \$ (34.95)  |
| 9/15/2009    | SERVICE GRP INTERNATIONAL, LLC | Payment One Corp              | Website Set up & Hosting   |                |                 |                 | left message, they sent email saying it was forwarded to USBI           | \$ 6.99     |
| 7/15/2009    | SERVICE GRP INTERNATIONAL, LLC | Payment One Corp              | Website Set up & Hosting   |                |                 |                 |   | \$ 6.99     |
| 5/15/2010    | National Access LD             | USBI                          | Long Distance Service      |                |                 |                 |   | \$ 6.99     |
| 5/15/2010    | National Access LD             | USBI                          | Long Distance Service      |                |                 |                 |   | \$ 6.99     |
| 5/15/2010    | National Access LD             | USBI                          | Long Distance Service      |                |                 |                 |   | \$ 6.99     |
| 4/15/2010    | National Access LD             | USBI                          | Long Distance Service      |                | 5/2/2010        |                 | called 10:25 AM "closed" Parent company BSG San Antonio TX open 7am-9pm | \$ 6.99     |
| 4/15/2010    | National Access LD             | USBI                          | Long Distance Service      |                |                 |                 |   | \$ 6.99     |
| 2/15/2009    | METELINE TECH, INC             | Enhanced Services Billing Inc | Fax to Email               |                |                 |                 | Cancellation  | \$ -2.95    |
| 3/15/2009    | METELINE TECH, INC             | Enhanced Services Billing Inc | Fax to Email               |                |                 |                 |   | \$ -2.95    |
| 2/15/2009    | Myiproducs imail, LLC          | Enhanced Services Billing Inc | Internet Voicemail         |                | 2/25/2009       |                 | Cancellation  | \$ 14.95    |
| 2/15/2009    | Myiproducs imail, LLC          | Enhanced Services Billing Inc | Internet Voicemail         |                | 2/25/2009       |                 | Cancellation  | \$ 14.95    |
| 2/15/2009    | NATIONWIDE ASSIST, LLC         | Enhanced Services Billing Inc | Fax to Email               |                |                 |                 |   | \$ 12.95    |
| 2/15/2009    | SOLO COMMUNICATIONS            | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ 25.90    |
| 2/15/2009    | TRIVOICE INTERNATIONAL, LTD    | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ 14.95    |
| 3/15/2009    |                                | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ (754.15) |
| 4/15/2009    |                                | Enhanced Services Billing Inc | Internet Voicemail         |                |                 |                 |   | \$ (224.25) |
| 1/15/2009    | ADVANCED BUSINESS SERVICES LLC | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ 49.95    |
| 1/15/2008    | ADVANCED BUSINESS SERVICES LLC | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ 49.95    |
| 1/15/2009    | LD TELESERV, LLC               | ILD Teleservices Inc          | Directory Assistance       |                |                 |                 |   | \$ 5.99     |
| 2/15/2009    | LD TELESERV, LLC               | ILD Teleservices Inc          | Directory Assistance       |                |                 |                 |   | \$ 5.99     |
| 1/15/2009    | ONE BACKUP, LLC                | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ 12.95    |
| 2/15/2009    | ONE BACKUP, LLC                | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ 12.95    |
| 3/15/2009    | ONE BACKUP, LLC                | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ 12.95    |
| 3/15/2009    | ONE BACKUP, LLC                | ILD Teleservices Inc          | Online File Backup         |                |                 |                 |   | \$ (369.98) |



City of Tyler, Texas  
Cramming Charges Audit

| Invoice Date | Cramming Company           | Broker Company       | Type of Alleged Service    | Contact Number | Date of Contact | Name of Contact | Results | Amount      |
|--------------|----------------------------|----------------------|----------------------------|----------------|-----------------|-----------------|---------|-------------|
| 2/13/2009    | BETTER BENEFITS ORG. INC   | GAN                  | Website Set up & Hosting   |                |                 |                 |         | \$ 29.95    |
| 3/13/2009    | BETTER BENEFITS ORG. INC   | GAN                  | Website Set up & Hosting   |                |                 |                 |         | \$ 29.95    |
| 3/15/2009    |                            | GAN                  |                            |                |                 |                 |         | \$ (808.65) |
| 5/15/2009    |                            | GAN                  |                            |                |                 |                 |         | \$ (89.85)  |
| 11/15/2008   | PRECISION COMMS, INTL, LLC | The Billing Resource | Business Directory Listing |                |                 |                 |         | \$ 34.95    |
| 1/15/2009    | PRECISION COMMS, INTL, LLC | The Billing Resource | Business Directory Listing |                |                 |                 |         | \$ 34.95    |
| 2/15/2009    | PRECISION COMMS, INTL, LLC | The Billing Resource | Business Directory Listing |                |                 |                 |         | \$ 34.95    |
| 3/15/2009    | PRECISION COMMS, INTL, LLC | The Billing Resource | Business Directory Listing |                |                 |                 |         | \$ 34.95    |
| 1/15/2009    | UnitedVoiceMessaging ILD   | The Billing Resource | Internet Voicemail         |                |                 |                 |         | \$ 13.22    |
| 2/15/2009    | UnitedVoiceMessaging ILD   | The Billing Resource | Internet Voicemail         |                |                 |                 |         | \$ 13.22    |
| 3/15/2009    |                            | The Billing Resource |                            |                |                 |                 |         | \$ (39.66)  |
| 4/15/2009    |                            | The Billing Resource |                            |                |                 |                 |         | \$ (104.65) |

Initial Audit Credits: \$ (2,391.39)  
Ongoing Credits Issued: \$ (434.40)  
Credits Still Due: \$ 110.09



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

STEVEN H. HILFINGER  
DIRECTOR

Thursday, May 5, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on Commerce, Science & Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

Re: Senate Commerce Committee investigation regarding "cramming"

Dear Chairman Rockefeller,

I am writing to you, at the request of Mr. Jim Trilling, to share my experiences in dealing with unauthorized third-party charges on telecommunications bills that I audited for payment from 2004-2010 for the Michigan Department of Labor, Energy and Economic Growth, which now operates as the Michigan Department of Licensing and Regulatory Affairs.

In 2004 I was given the responsibility for auditing telecommunications bills for one bureau within our department, to make sure that we were only paying for contracted and authorized charges on our telecom bills. In 2006 my duties were expanded so that I was auditing telecom invoices for our entire department. We had about 2,500 individual phone lines on about 225 separate accounts; about 75% of them were on Ameritech, which changed their name to SBC, and later to AT&T.

I noticed quickly that one program was paying for several charges per month that were billed by third-party companies, like ESBI and USBI, on their Ameritech telecom bills. In researching the charges I found that the staff at the bureau did not seem to have any idea what the charges were for, but were assuming they were correct and were requesting payment of them.

The third-party charges were typically "monthly fees" for what appeared to be Internet access, email accounts, voicemail accounts, or miscellaneous telecom services. The charges typically ranged from \$12.95 per month to \$49.95 per month. Some of the descriptions ranged as follows:

"Orbit Telecom Vmail Monthly Fee" @ \$14.95 per month  
"My I-Fax.net, Inc-EFAX Svc Mnthly fee" @ \$39.95 per month  
"MYIPRODUCT IMAIL Voicemail Mthly Fee" @ \$14.95 per month  
"Universal Call Plan, Inc-Unltd LD Mth Fee" @ \$19.95 per month  
"VoiceMail Direct USA Monthly Fee" @ \$14.95 per month  
"Small Bus. Tech-PC Tech Supt Mthy Fee" @ \$49.95 per month  
"KEY CLUB SAVE, LLC-Voicemail Mthly Fee" @ \$14.95 per month  
"Email Discount NTWK\_EMAIL Mthly Fee" @ \$14.95 per month



"Residential Email Monthly Fee" @ \$14.95 per month  
"My Info Guard Monthly Fee" @ \$12.95 per month

This is just a cross-section of examples of descriptions for fees charged to our AT&T bills by ESBI, USBI, and other companies.

In most cases, our staff members already had these services provided to them by the State of Michigan. If they were in an area outside the range of the State's systems, they were only authorized to purchase these services through contracted vendors approved by the State at contracted rates. Upon determining that these "services" were not being ordered or received by any of our staff members, I began to systematically dispute the charges every time I encountered them. Usually, I was only able to dispute the charges over the phone using phone numbers provided on the AT&T phone bills. In 2007, I was able to enter some of my disputes via an Internet site at [www.billview.com](http://www.billview.com). When available, I preferred handling my disputes this way, in order to have written proof of my claims; however, most of the time I was still only able to submit claims via a telephone number provided on the AT&T bill by the third-party biller.

I quickly found that the third-party companies, or the companies they represented, rarely challenged my disputes. They typically automatically canceled the so-called "services" and credited our accounts for the current charges without any questions asked. Due to the fact that I never had any tangible proof that someone in one of our offices did not order the services, I was never able to get them to give me retroactive credits. The burden of proof seemed to be on our end instead of on the end of the third-party billers and the companies for which they billed. Since there had not been anyone in our department auditing and challenging these charges before me, they were usually paid and DeLEG was never reimbursed for any of these charges that occurred prior to my disputes. Throughout my time of handling these disputes, there was never a single time where one of the offices had to contact me because a needed service billed on their AT&T account by a third-party company had been disconnected. There were a few times that I was unable to contact a third-party biller for a dispute because the phone number they provided on the AT&T invoice didn't work, and each of those times I notified my representatives at AT&T and they immediately gave DeLEG credit for the charges. I was never able to get AT&T to put blocks on our accounts to stop third-party charges, but I always asked the third-party billers in my disputes to block charges on their end from being charged to the line after the initial claim. They usually claimed to do so and I never saw a third-party charge appear on the same line again after a block was in place.

Because my experiences spanned several years and most of my disputes were filed over the telephone, it is difficult for me to estimate how much time and resources were spent in dealing with third-party billing issues. I can roughly estimate that I may have found an average of 6 invoices per month, out of about 150, with unauthorized third-party charges and may have spent 8 hours or so per month researching, filing claims, training bureau staff members on what to question on their bills, and adjusting payments to invoices for these charges.

I hope that my description of my experiences with third-party "cramming" on AT&T telecommunications bills is helpful to you and your Committee in learning how consumers are

affected by this practice. Please do not hesitate to contact me if you have any other questions for me relating to these experiences.

Sincerely,

A handwritten signature in black ink that reads "Michelle R. Walker". The signature is fluid and cursive, with a large initial "M" and "W".

Michelle R Walker  
Department of Licensing and Regulatory Affairs  
P.O. Box 30004  
Lansing, MI 48909-7504  
Tel: (517) [REDACTED]





P.O. Box 1156 \* 233 S. Patterson  
Springfield, MO 65801  
Phone (417)-862-  
[www.oreillyauto.com](http://www.oreillyauto.com)

June 28, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on Commerce,  
Science and Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Rockefeller and Committee:

We write this letter on behalf of O'Reilly Automotive Stores, Inc. The Company itself and through various subsidiary entities operates 3,613 auto parts stores in 39 states with a network of 23 supporting distribution centers and 47,495 team members. The parent of O'Reilly Automotive Stores, Inc., O'Reilly Automotive, Inc. is publically traded on the NASDAQ as "ORLY."

Over the years, as our company has grown, we have encountered certain business practices by local exchange carriers commonly referred to as "cramming." The extent of the problem is widespread. We estimate that at least 80% of our stores have been billed for some type of "cramming." We believe these practices to be unethical, especially considering the business environment we have encountered when combating this practice.

Of course, our discovery of this practice grew from a careful review of our billing records, not from any need for the services of any third party biller. As we began to understand the nature and scope of this problem in 2000 we determined because of the sheer number of lines the company leased and locations the company had, the only way to stay on top of the issues was to add employees. To assist our telecom manager with this task, in 2000 we hired a second dedicated team member, in 2008 we added a 3rd, and as of October, 2008 the company has employed three (3) full-time and dedicated employees who do nothing but review and analyze local and long distance phone bills for this practice, as well as other erroneous charges, and seek refunds and/or credits.

The analyst group and senior management of the company have long attempted meaningful communication with the carriers about this practice. As you might appreciate, the seemingly endless web of call centers and carrier customer service representatives made it nearly impossible to make progress. After dozens of conversations and endless frustration from our analyst group, we began to look for other ways of handling our requests for cancellation and credit related to this billing. One way was to document the charges in writing and fax our requests to call centers when we were able to get a fax number from a carrier representative.

**RIGHT PART, RIGHT PRICE GUARANTEE!**



During our communications with the various carriers, we sought ways to block third party billing to our accounts. Some regional bell operating centers (RBOCs) were willing to find workarounds for this issue; others insisted there was nothing they could do about it. We were however astounded and amazed when one of our billing analysts discovered a flyer in an envelope with one of the individual bills we received from one of the carriers who had insisted it was out of their hands. The flyer explained customers could now "block" third party billing. When we approached our assigned account team at the carrier with the flyer, they requested a copy and advised they would have to investigate. We have however followed consistently and persistently with them over a period of two years and are now able to block third party billing from existing accounts. Of course, we believe our ability to do this is a direct result of our tenacity.

The ability to block on existing account however has not allowed us to eradicate the practice of cramming. As a growing company, we frequently open new stores. Typically, we will open in excess of 150 new locations each year. Despite the fact we request a block on third party billing with each new order, we typically see third party charges on the first and or second month's bill from this carrier.

To give the committee some idea of the pervasiveness of the problem, in 2004 our team tracked and received refunds totaling nearly \$750,000 in erroneous charges billed through local exchange carriers. We estimate approximately 25% of the number of erroneous charges was the direct result of cramming. At the height of this problem, some 2 to 2 and one half years ago, a single team member requested over \$3,000 in refunds for erroneous third party charges from AT&T alone, in only one geographic region of our company. When you consider the charges related to cramming are usually between \$5 to \$50 per bill, this example reflects somewhere between 60 and 600 erroneous charges for a single month in a single region. Based on the records we have kept, over the past ten years, we have averaged about \$1,250 worth of these charges per month for O'Reilly. About ¼ of our dedicated teams time is spent finding, disputing, and recording the credit request and receipt progress. When we acquired CSK Auto in 2008 and began to audit their statements, we estimate they averaged \$2,500 a month over this same period.

Often, the carriers simply refer you to the third party biller or their third party clearinghouse. Often, they will attempt to persuade that someone within the company signed up for and authorized the services by phone or through the internet. O'Reilly has consistently trained local store managers and communicated to carriers that local store managers lack the authorization to bind the corporation for these services. While we expect a team member to make a mistake from time to time, we believe our training is effective and view the continuation of cramming a purposeful decision on the part of carriers to circumvent communication to them regarding our corporate authority structure. In addition, our team members do not have store access to the internet. It seems unlikely they would go home and sign up their store for any of these services. There have been times when recordings have been made to evidence the alleged purchase of services. While some calls sound legitimate, others, in our opinion do not. The carriers or clearinghouses cannot and/or do not ever produce any documentation purporting to actually be signed by an employee with any authority. One might only surmise that doing so results in a pecuniary benefit, not only to the crammers, but to the LEC's.



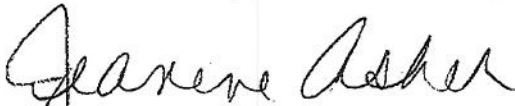
In summary, the company has and continues to spend its resources managing the issue of cramming with its providers and has done so for over ten years now. During that time, the company estimates it has obtained refunds and credits for an approximate conservative estimate of \$200,000 at O'Reilly for cramming alone. CSK Auto, Inc. was acquired in 2008 and did not have staff auditing or tracking of these erroneous charges. Based on the condition of their billing when that company was acquired and the audits our O'Reilly teams have done, I estimate they lost approximately \$300,000 over the last ten (10) year period. Overall, 3<sup>rd</sup> party charges billed to both companies is estimated at \$550,000. Additionally, we estimate three full time employees have spent roughly 26,000 hours solely on this issue at an additional overhead exposure of approximately \$400,000.



Whether the consumer is an individual or corporation, we view the practice of cramming as unethical and fraudulent. We ask the committee to recommend proposed legislative action to preclude this practice including an express statutory private right of action and include equitable and damage remedies as well as an attorney fee provision and punitive damages based up on a finding that conduct is pervasive, egregious or outrageous.

In addition to the forgoing, we attach exemplars of bills supporting the types of 3<sup>rd</sup> party billing we receive.

Sincerely,

**O'REILLY AUTOMOTIVE STORES, INC.**



Jeanene Asher  
Director of Telecommunications  
233 S Patterson Avenue  
Springfield, MO 65802  
Phone 417-  
Fax 417-

JLG/snh

Enclosures

# Rehab 2000, P.C.

P.O. Box 1698  
28256 State Hwy 75  
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Phone: 205-  
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April 26, 2011

Chairman John D. Rockefeller IV  
U.S. Senate Committee on Commerce,  
Science and Transportation  
508 Dirksen Senate Office Building  
Washington, D.C. 20510

Senator Rockefeller:

I would like to express my appreciation to your committee for the efforts to eliminate unwarranted charges on our phone usage. In my situation, this had been going on for several months accumulating into a total of over \$450.00. My company is a small one of four employees which provides Physical Therapy and Rehabilitative services to those in need of such. We have to be aware of all expenditures, therefore when charges exceed expected amounts, then I as a small business owner get suspicious.

My staff and I have explored statements, had discussions with our local telephone service provider, reviewed old statements, spent countless time on the telephone with Alabama Public Service Commission as well as staff investigation of statements. I can not put an accurate time spent in these efforts but I know it would exceed at least two eight hour shifts between my employees and myself. Therefore you can see how detrimental this has been and could have been to this small business.

It is a real shame that we can't trust others to be solid, reputable representatives of business and I voice my encouragement to you and your committee in the efforts to uncover wrongdoings in this investigation.

If I may be of further assistance, please do not hesitate to contact me.

Sincerely,



Ricky R. Sanders





P.O. Box 459 • Edinburg, Virginia 22824-0459 • (540) 984-4141

July 5, 2011

Senator Jay Rockefeller  
Chairman Senate Commerce Committee  
531 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Rockefeller:

I am writing on behalf of Shenandoah Telephone Company (Shentel) regarding our experience with the telecommunications industry's ongoing issue surrounding cramming. Last week I had the pleasure of speaking to one of your staff members, James Trilling, regarding this issue which our industry is facing. Shentel is the 4<sup>th</sup> largest local exchange carrier in the State of Virginia, providing telephone service to its customers since 1902. Shentel is also a major provider of cable, phone, and broadband service to many communities in both Virginia and West Virginia through its affiliate Shentel Cable.

I have been with Shentel for 43 years, now serving as Vice President – Customer Service. I have experienced firsthand the negative effects cramming has had on our customers. Shentel's corporate philosophy has always been to provide superior customer service. One of the ways we accomplished this was to protect our customers from having any errors that may occur on their billing statements. For that reason we have never allowed 3<sup>rd</sup> party billings to be placed on our customers' billing statements that were not associated with the provisioning their telecommunications services.

When the telecommunications industry was deregulated, many companies started to compete for our customers' long distance business. Shentel did enter into contractual agreements to allow these long distance companies to bill on our billing statements. This practice proved to be harmful to our customers. Our customers experienced many billing irregularities. It was not uncommon for our customers to be billed for long distance calls they did not make or at rates higher than those quoted by their long distance provider.

After many years of struggling with this issue, Shentel made the decision in 2007 to no longer allow any long distance providers to utilize Shentel's billing statement to bill our customers for any recurring or non-recurring charges. Billings for 3<sup>rd</sup> parties were removed as their contracts expired. This has proven to be a wise decision for Shentel and has benefitted our customers. We did not receive any negative feedback from our customers regarding this decision. It is Shentel's commitment that our customers can have confidence that their billing statement will be clear, concise, and contain only legitimate charges. This was accomplished because cramming issues were addressed and eliminated.

Sincerely,

David E. Ferguson  
Vice President – Customer Services

LOCAL AND LONG DISTANCE TELEPHONE • INTERNET AND DATA SERVICES • CABLE TELEVISION  
WIRELESS VOICE AND DATA SERVICES • ALARM MONITORING • TELECOMMUNICATIONS EQUIPMENT

WE MUST SERVE WELL TO PROSPER • WE MUST PROSPER TO SERVE WELL



*Samuel J. Kline*  
*Vice President – Strategic Initiatives*

July 5, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on Commerce, Science, and Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

*Re: Third Party Billing*

Dear Senator Rockefeller:

Granite Telecommunications is a national Competitive Local Exchange Carrier (CLEC) providing telecommunications services to business customers. We have more than 1 million active telephone lines and provide service to hundreds of American corporations including 66 of the Fortune 100 companies and 9 of the 10 top retailers.

In addition to cost savings and high levels of support, as a basic part of our service we review and consolidate the bills for our customer's locations when they transition to Granite. We often find that large customers who have thousands of telephone lines have been unable to closely review and monitor their phone bills and when we perform our initial review we often find many areas of potential savings.

These immediate savings for our customers include identifying things like lines that are not used but are still being billed and features that are not used. We also find that our customers often have third party charges on their bills that were never requested by the customer. We review each of these charges with the customer to determine if the charge was requested, and if it was not requested we work with the underlying carrier to have the charge removed.

We have seen an interesting pattern as part of this process. We have seen that the vast majority of these charges were never requested by the customer and when we dispute the charges they are removed and become an immediate savings to our customers.

For example, in the case of one large health care provider, with a monthly phone bill of about \$165,000, the invalid third party charges were over \$1,000 per month. While a \$1,000 charge is a small part of a \$165,000 monthly bill, it is \$12,000 per year that our customer was paying for services that it did not request. When we disputed these charges our customer saw an immediate savings of this amount and when combined with their other savings from working with Granite we believe it significantly lowers the overall cost of services to this customer.



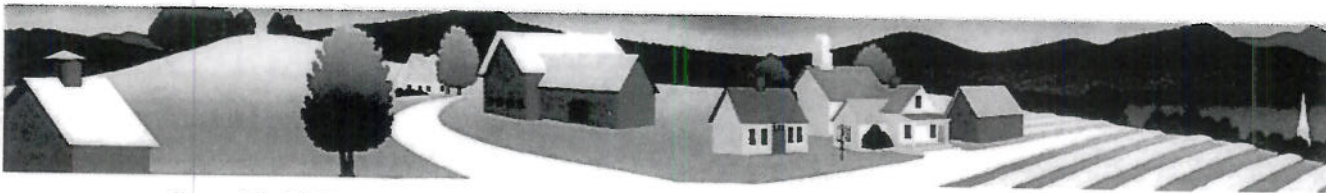
This example is not unusual, the number of third party charges that are invalid is significant and is a real problem in both the retail and consumer telephone markets.

Any help that your committee can provide in addressing this problem will be appreciated.

Sincerely,



Samuel J. Kline



June 29, 2011

The Honorable John D. Rockefeller IV  
Chairman  
United States Senate Committee on Commerce, Science, and Transportation  
516 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Rockefeller,

I am a longtime admirer and wish you well. This note is to thank Melanie Tiano, James Trilling, and John Williams from your staff for contacting us about our decision to terminate third-party telephone billing.

In decades past, third-party billing enabled AT&T and MCI to use our monthly customer bills for long-distance calling charges. After AT&T and others migrated to direct billing, we saw a decade-long deterioration in the quality of third-party billers. Generalizations are difficult, and there were no doubt many wonderful third-party billers, but it seemed to us more and more comprised of fortune-tellers and the like. There was never any financial benefit to VTel for collecting for these services. Questions from a staff member in Vermont's Attorney General's office accelerated our decision to end this. We had no idea we were a first in America.

Everyone seems happier now. Only one detail caused me some regret – when I learned a customer had been unable to receive a third-party-billed call from an incarcerated family member on Christmas Day. Nonetheless, on balance third-party-billing as a platform for unknown third parties proved less of a public service than we had hoped. I am sorry we didn't end it five years earlier.

If any of us from VTel can help further by visiting with your staff, to discuss this in more detail, we of course would be honored to do so. I am pleased to report that with federal broadband RUS and NTIA assistance, we are building the most advanced rural network in America, combining GigE fiber to every VTel home, with 4G/LTE to every un-served Vermont household. A longtime friend, Paul Growald, whom you know, has been a wonderful source of both advice and inspiration through this.

Sincerely,

Michel Guite  
President  
Vermont National Telephone Company, Inc.



Vermont Telephone Company, Inc. • 354 River Street • Springfield, VT 05156 • Tel: 802•885•9000