

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

In the Matter of	)	
	)	
Norstar Communications	)	IC Nos. 02-S66712
	)	02-S70583
Complaints Regarding	)	
Unauthorized Change of	)	
Subscriber's Telecommunications Carrier	)	
	)	

**ORDER**

**Adopted: March 26, 2003**

**Released: March 31, 2003**

By the Acting Deputy Chief, Policy Division, Consumer & Governmental Affairs Bureau:

1. In this Order, we consider the complaints filed by Complainants<sup>1</sup> alleging that Norstar Communications (Norstar) changed Complainants' telecommunications service provider without obtaining authorization and verification from Complainants in violation of the Commission's rules.<sup>2</sup> We conclude that Norstar's actions did result in an unauthorized change in Complainants' telecommunications service providers and we grant Complainants' complaints.

2. In December 1998, the Commission released the *Section 258 Order* in which it adopted rules to implement Section 258 of the Communications Act of 1934 (Act), as amended by the Telecommunications Act of 1996 (1996 Act).<sup>3</sup> Section 258 prohibits the practice of

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<sup>1</sup> See Appendix A.

<sup>2</sup> See 47 C.F.R. §§ 64.1100 – 64.1190.

<sup>3</sup> 47 U.S.C. § 258(a); Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996); *Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Second Report and Order and Further Notice of Proposed Rule Making, 14 FCC Rcd 1508 (1998) (*Section 258 Order*), *stayed in part*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. May 18, 1999); First Order on Reconsideration, 15 FCC Rcd 8158 (2000); *stay lifted*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. June 27, 2000); Third Report and Order and Second Order on Reconsideration, 15 FCC Rcd 15996 (2000), Errata, DA No. 00-2163 (rel. Sept. 25, 2000), Erratum, DA No. 00-2192 (rel. Oct. 4, 2000), Order, FCC 01-67 (rel. Feb. 22, 2001); *reconsideration pending*. Prior to the adoption of Section 258, the Commission had taken various steps to address the slamming problem. See, e.g., *Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Report and Order, 10 FCC Rcd 9560 (1995), *stayed in part*, 11 FCC Rcd 856 (1995); *Policies and Rules Concerning Changing Long Distance Carriers*, CC Docket No. 91-64, 7 FCC Rcd 1038 (1992), *reconsideration denied*, 8 FCC Rcd 3215 (1993); Investigation of Access and Divestiture (continued....)

“slamming,” the submission or execution of an unauthorized change in a subscriber’s selection of a provider of telephone exchange service or telephone toll service.<sup>4</sup> In the *Section 258 Order*, the Commission adopted aggressive new rules designed to take the profit out of slamming, broadened the scope of the slamming rules to encompass all carriers, and modified its existing requirements for the authorization and verification of preferred carrier changes. The rules require, among other things, that a carrier receive individual subscriber consent before a carrier change may occur.<sup>5</sup> Pursuant to Section 258, carriers are absolutely barred from changing a customer's preferred local or long distance carrier without first complying with one of the Commission's verification procedures.<sup>6</sup> Specifically, a carrier must: (1) obtain the subscriber's written or electronically signed authorization in a format that meets the requirements of Section 64.1130 authorization; (2) obtain confirmation from the subscriber via a toll-free number provided exclusively for the purpose of confirming orders electronically; or (3) utilize an independent third party to verify the subscriber's order.<sup>7</sup>

3. The Commission also has adopted liability rules. These rules require the carrier to absolve the subscriber where the subscriber has not paid his or her bill. In that context, if the subscriber has not already paid charges to the unauthorized carrier, the subscriber is absolved of liability for charges imposed by the unauthorized carrier for service provided during the first 30 days after the unauthorized change.<sup>8</sup> Where the subscriber has paid charges to the unauthorized carrier, the Commission’s rules require that the unauthorized carrier pay 150% of those charges to the authorized carrier, and the authorized carrier shall refund or credit to the subscriber 50% of all charges paid by the subscriber to the unauthorized carrier.<sup>9</sup> Carriers should note that our actions in this Order do not preclude the Commission from taking additional action, if warranted, pursuant to Section 503 of the Act.<sup>10</sup>

4. We received Complainants’ complaints alleging that Complainants’ telecommunications service provider had been changed from their authorized carriers to Norstar

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Related Tariffs, CC Docket No. 83-1145, Phase I, 101 F.C.C.2d 911, 101 F.C.C.2d 935, *reconsideration denied*, 102 F.C.C.2d 503 (1985).

<sup>4</sup> 47 U.S.C. § 258(a).

<sup>5</sup> See 47 C.F.R. § 64.1120.

<sup>6</sup> 47 U.S.C. § 258(a).

<sup>7</sup> See 47 C.F.R. § 64.1120(c). Section 64.1130 details the requirements for letter of agency form and content for written or electronically signed authorizations. 47 C.F.R. § 64.1130.

<sup>8</sup> See 47 C.F.R. §§ 64.1140, 64.1160. Any charges imposed by the unauthorized carrier on the subscriber for service provided after this 30-day period shall be paid by the subscriber to the authorized carrier at the rates the subscriber was paying to the authorized carrier at the time of the unauthorized change. *Id.*

<sup>9</sup> See 47 C.F.R. §§ 64.1140, 64.1170.

<sup>10</sup> See 47 U.S.C. § 503.

without Complainants' authorization.<sup>11</sup> Pursuant to Sections 1.719 and 64.1150 of our rules,<sup>12</sup> we notified Norstar of the complaints and Norstar responded.<sup>13</sup> Norstar states that it does not have a letter of agency (LOA) or third party verification recording (TPV) because the customer's account was acquired during a bulk transfer. Our rules allow carriers to transfer customers in bulk without an LOA or TPV.<sup>14</sup> A carrier must, however, send notice of the switch to the consumer and file that notice with the Commission at least thirty days before the switch.<sup>15</sup> At the time Norstar switched the Complainant's service, the authorized carriers were Worldcom and Sprint. Norstar has failed to comply with the filing requirement with regard to bulk transfers of customers from either of these carriers. We find that Norstar has failed to produce clear and convincing evidence that Complainants authorized carrier changes.<sup>16</sup> Therefore, we find that Norstar's actions resulted in an unauthorized change in Complainants' telecommunications service providers and we discuss Norstar's liability below.<sup>17</sup>

5. Pursuant to Section 64.1170(b) our rules, Norstar must forward to the authorized carriers an amount equal to 150% of all charges paid by the subscriber to Norstar.<sup>18</sup> According to the complaints, Norstar must forward to the authorized carriers the amounts, along with copies of any telephone bills issued from the company to the Complainants.<sup>19</sup> Within ten days of receipt of this amount, the authorized carriers shall provide a refund or credit to Complainants in the amount of 50% of all charges paid by Complainants to Norstar. Complainants have the option of asking the authorized carriers to re-rate Norstar's charges based on the authorized carriers rates and, on behalf of Complainants, seek from Norstar, any re-rated amount exceeding 50% of all charges paid by the Complainants to Norstar. The authorized carriers must also send a notice to the Commission, referencing this Order, stating that it has given a refund or credit to Complainants.<sup>20</sup> If the authorized carriers have not received the reimbursement required from

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<sup>11</sup> See Appendix A.

<sup>12</sup> 47 C.F.R. § 1.719 (Commission procedure for informal complaints filed pursuant to Section 258 of the Act); 47 C.F.R. § 64.1150 (procedures for resolution of unauthorized changes in preferred carrier).

<sup>13</sup> See Appendix A.

<sup>14</sup> See 47 C.F.R. 64.1120(e)

<sup>15</sup> See 47

<sup>16</sup> See 47 C.F.R. § 64.1150(d).

<sup>17</sup> If Complainant is unsatisfied with the resolution of this complaint, Complainant may file a formal complaint with the Commission pursuant to Section 1.721 of the Commission's rules, 47 C.F.R. § 1.721. Such filing will be deemed to relate back to the filing date of Complainant's informal complaint so long as the formal complaint is filed within 45 days from the date this order is mailed or delivered electronically to Complainant. See 47 C.F.R. § 1.719.

<sup>18</sup> 47 C.F.R. § 64.1170(b).

<sup>19</sup> *Id.*

<sup>20</sup> See 47 C.F.R. § 64.1170(c).

Norstar within 45 days of the release of this Order, Norstar must notify the Commission and Complainants accordingly. The authorized carriers also must notify the Complainants of their right to pursue a claim against Norstar for a refund of all charges paid to Norstar.<sup>21</sup>

6. Accordingly, IT IS ORDERED that, pursuant to Section 258 of the Communications Act of 1934, as amended, 47 U.S.C. § 258, and Sections 0.141, 0.361 and 1.719 of the Commission's rules, 47 C.F.R. §§ 0.141, 0.361, 1.719, the complaints filed by Complainants<sup>22</sup> against Norstar Communications ARE GRANTED.

7. IT IS FURTHER ORDERED that, pursuant to Section 64.1170(b) of the Commission's rules, 47 C.F.R. § 64.1170(b), that Norstar Communications must forward to the authorized carriers an amount equal to 150% of all charges paid by the subscribers along with copies of any telephone bills issued from the company to the Complainants within ten (10) days of the release of this order.

8. IT IS FURTHER ORDERED that this Order is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Nancy A. Stevenson, Acting Deputy Chief  
Policy Division  
Consumer and Governmental Affairs Bureau

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<sup>21</sup> See 47 C.F.R. § 64.1170(e).

<sup>22</sup> See Appendix A.

## APPENDIX A

INFORMAL COMPLAINT NUMBER	DATE OF COMPLAINT	DATE OF RESPONSE	AUTHORIZED CARRIERS
02-S66712	December 10, 2001	August 22, 2002	MCI
02-S70583	January 18, 2002	June 14, 2002	Sprint

