

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

In the Matter of)	
)	
LCR Telecommunications	)	IC Nos. 03-S85082
	)	03-S85633
	)	03-S85639
Complaints Regarding	)	03-S85643
Unauthorized Change of	)	03-I0071656S
Subscriber's Telecommunications Carrier	)	03-S000336S
	)	03-S000377S
	)	04-S85968
	)	04-S86097
	)	04-S86191
	)	04-S86736
	)	04-S86788
	)	04-S86791
	)	04-S86907
	)	04-S86914
	)	04-S86941
	)	04-S86977
	)	04-S87270
	)	04-S000526S

ORDER

Adopted: January 14, 2005

Released: January 19, 2005

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

1. In this Order, we consider complaints¹ alleging that LCR Telecommunications (LCR) changed Complainants' telecommunications service providers without obtaining authorization and verification from Complainants in violation of the Commission's rules.² We conclude that LCR'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).³ Section 258 prohibits the practice of

¹ See Appendix A.

² See 47 C.F.R. §§ 64.1100 – 64.1190.

³ 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*

“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.⁴ 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.⁵ 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.⁶ 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.⁷

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.⁸ 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.⁹ Carriers should note that our actions in this order do not preclude the Commission from taking additional action, if warranted,

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); Third Order on Reconsideration and Second Further Notice of Proposed Rule Making, 18 FCC Rcd 5099 (2003); Order, FCC 03-116, (rel. May 23, 2003). 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 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).

⁴ 47 U.S.C. § 258(a).

⁵ See 47 C.F.R. § 64.1120.

⁶ 47 U.S.C. § 258(a).

⁷ 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.

⁸ 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.*

⁹ See 47 C.F.R. §§ 64.1140, 64.1170.

pursuant to Section 503 of the Act.¹⁰

4. We received Complainants' complaints alleging that Complainants' telecommunications service providers had been changed from their authorized carriers to LCR without Complainants' authorization.¹¹ Pursuant to sections 1.719 and 64.1150 of our rules,¹² we notified LCR of the complaints and LCR responded.¹³ LCR admits that it switched the Complainants' telecommunications service provider due to clerical errors. We find that LCR has failed to produce clear and convincing evidence that Complainants authorized those carrier changes.¹⁴ Therefore, we find that LCR's actions resulted in unauthorized changes in Complainants' telecommunications service providers and we discuss LCR's liability below.¹⁵

5. LCR has removed all charges incurred for service provided to Complainants for the first thirty days after the alleged unauthorized change in accordance with the Commission's liability rules.¹⁶ We have determined that Complainants are entitled to absolution for the charges incurred during the first thirty days after the unauthorized change occurred and that neither Complainants' authorized carrier nor LCR may pursue any collection against Complainants for those charges.¹⁷ Any charges imposed by LCR on the subscribers for service provided after this 30-day period shall be paid by the subscribers to the Complainants' respective authorized carrier at the rates the subscribers were paying to the respective authorized carrier at the time of each unauthorized change of telecommunications service provider.¹⁸

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 against LCR ARE GRANTED.

7. IT IS FURTHER ORDERED that, pursuant to section 64.1170(d) of the

¹⁰ See 47 U.S.C. § 503.

¹¹ See Appendix A.

¹² 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).

¹³ See Appendix A.

¹⁴ See 47 C.F.R. § 64.1150(d).

¹⁵ If a Complainant is unsatisfied with the resolution of this complaint, such 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 such 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 such Complainant. See 47 C.F.R. § 1.719.

¹⁶ See 47 C.F.R. § 64.1160(b).

¹⁷ See 47 C.F.R. § 64.1160(d).

¹⁸ See 47 C.F.R. §§ 64.1140, 64.1160.

Commission's rules, 47 C.F.R. § 64.1170(d), Complainants are entitled to absolution for the charges incurred during the first thirty days after the unauthorized change occurred and neither the authorized carriers nor LCR may pursue any collection against Complainants for those charges.

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

FEDERAL COMMUNICATIONS COMMISSION

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

APPENDIX A

<u>INFORMAL COMPLAINT NUMBER</u>	<u>DATE OF COMPLAINT</u>	<u>DATE OF RESPONSE</u>	<u>AUTHORIZED CARRIER</u>
03-S85082	09/23/03	01/16/04	Verizon
03-S85633	11/19/03	07/07/03	Verizon
03-S85639	11/18/03	03/15/04	Verizon
03-S85643	11/25/03	05/06/04	AT&T
03-I0071656S	10/23/03	05/13/04	Verizon
03-S00336S	10/20/03	02/22/04	None
03-S000377S	12/09/03	02/20/04	Verizon
04-S85968	12/16/03	07/07/04	AT&T
04-S86097	01/30/04	07/07/04	Verizon
04-S86191	01/21/04	07/07/04	MCI
04-S86736	04/16/04	07/26/04	Verizon
04-S86788	03/31/04	07/07/04	Working Assets Long Distance
04-S86791	02/26/04	08/20/04	Qwest
04-S86907	02/25/04	08/06/04	AT&T
04-S86914	03/05/04	07/19/04	Verizon
04-S86941	03/08/04	06/02/04	Verizon
04-S86977	03/09/04	06/02/04	Verizon
04-S87270	05/10/04	07/21/04	MCI
04-S000526S	03/15/04	07/20/04	Verizon