

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

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| In the Matter of |) | |
| |) | |
| AT&T, Inc. |) | IC No. 08-S002242 |
| |) | |
| Complaint Regarding |) | |
| Unauthorized Change of |) | |
| Subscriber's Telecommunications Carrier |) | |

ORDER

Adopted: May 26, 2009**Released: May 29, 2009**

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

1. In this Order, we consider the complaint¹ alleging that AT&T, Inc. (AT&T) changed Complainant's telecommunications service provider without obtaining authorization and verification from Complainant in violation of the Commission's rules.² We conclude that AT&T's actions violated the Commission's carrier change rules and we grant Complainant's complaint.

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 "slamming," the submission or execution of an unauthorized change in a subscriber's selection of

¹ Informal Complaint No. IC 08-S002242, filed December 2, 2008.

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 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, 18 FCC Rcd 10997 (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).

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; (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, pursuant to Section 503 of the Act.¹⁰

4. We received Complainant's complaint on December 2, 2008, alleging that Complainant's telecommunications service provider had been changed from AT&T to MCI without Complainant's authorization. Pursuant to Sections 1.719 and 64.1150 of we notified MCI of the complaint and MCI responded on January 14, 2009.¹¹ In its response, MCI stated that Complainant assumed that the local telephone and long distance services for the

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.

¹⁰ See 47 U.S.C. § 503.

¹¹ MCI's Response to Informal Complaint No. IC 08-S002242, received January 14, 2009.

Complainant's five telephone lines were switched from MCI to AT&T on March 31, 2008. On May 21, 2008, MCI canceled the Complainant's account, per a call from Complainant's representative, which stopped the billing of new charges, but did not change the telephone service. MCI further stated that, as a result, the church received MCI telephone service free of charges for several months, and that, through a reconciliation process, MCI discovered that the lines were still with MCI. The account was then reactivated for the church's lines. Pursuant to Sections 1.719 and 64.1150 of our rules,¹² we notified AT&T, Complainant's local exchange carrier, of the complaint, and AT&T responded on March 3, 2009.¹³ AT&T's response stated that Complainant's lines were accidentally ported back to MCI and Complainant is now with AT&T. The Commission requested further clarification of the actual switch.¹⁴ On April 20, 2009, AT&T stated that Complainant initiated a switch to AT&T on March 20, 2008; the order was placed on March 26, 2008; and on December 4, 2008, AT&T was contacted by the Complainant indicating that their telephone lines were still active with MCI.¹⁵ We find that AT&T caused an unreasonable delay in the execution of the switch of Complainant's services away from MCI.¹⁶ Therefore, we find that AT&T's actions were in violation of our carrier change rules, and we discuss AT&T's liability below.¹⁷

5. AT&T has secured the removal of all charges incurred for service provided to Complainant by MCI after 30 days following the unreasonable delay in accordance with the Commission's liability rules.¹⁸ We have determined that Complainant is entitled to absolution for the charges incurred during the first thirty days after the unreasonable delay occurred and that neither MCI nor AT&T may pursue any collection against Complainant for those charges.¹⁹ Moreover, any charges imposed by MCI on the subscriber for service provided after this 30-day period shall be paid by the subscriber to AT&T at the rate(s) the subscriber should have been paying to AT&T for the time period in question.²⁰

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 AT&T, Inc.'s Response to Informal Complaint No. IC 08-S002242, received March 3, 2009.

¹⁴ See email from Selina Ayers to Toni Acton, dated March 25 2009.

¹⁵ AT&T, Inc.'s Response to Informal Complaint No. IC 08-S002242, received April 20, 2009.

¹⁶ See 47 C.F.R. § 64.1120(a)(2).

¹⁷ 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.

¹⁸ As the LEC's unreasonably delay in the execution of the switch caused the unauthorized charges to be billed by the Complainant's prior authorized carrier, it must secure the removal of these charges.

¹⁹ See 47 C.F.R. § 64.1160(d).

²⁰ See 47 C.F.R. § 64.1160(e).

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 complaint filed against AT&T, Inc. IS GRANTED.

7. IT IS FURTHER ORDERED that, pursuant to Section 64.1170(d) of the Commission's rules, 47 C.F.R. § 64.1170(d), Complainant is entitled to absolution for the charges incurred during the first thirty days after the unreasonable delay occurred and AT&T nor MCI may pursue any collection against Complainant 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