



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News media Information 202 / 418-0500
TTY 202 / 418-2555
Fax-On-Demand 202 / 418-2830
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

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FOR IMMEDIATE RELEASE:
July 21, 2000

NEWS MEDIA CONTACT:
Mike Balmoris at (202) 418-0253
Email: mbalmori@fcc.gov

FEDERAL COMMUNICATIONS COMMISSION RESOLVES SEVERAL PENDING TELEPHONE SLAMMING ISSUES

The Internet Can Now Be Used as a Valid Authorization and Verification Method for Consumers to Change Their Preferred Telephone Company

Washington, D.C. – Today, the Federal Communications Commission (FCC) adopted rules designed to improve the process for consumers to choose their preferred telephone carrier, while making it more difficult for unscrupulous carriers to continue the illegal practice of telephone slamming. Section 258 of the Telecommunications Act of 1996 makes it unlawful for any telecommunications carrier to change a consumer's telephone carrier except in accordance with the Commission's verification procedures. Any carrier that violates these procedures is liable to the subscriber's authorized carrier for all charges collected.

With today's action, the Commission resolved the vast majority of the remaining open slamming issues. Also, combined with a recent court decision lifting the stay on the Commission's liability rules, this action brings the Commission's anti-slamming rules to full force.

With the Commission's adoption of today's *Third Report and Order and Second Order on Reconsideration*, the Commission is permitting preferred carrier changes to be conducted electronically through the use of Internet Letters of Agency (LOAs). Internet LOAs must comply with all current Commission authorization and verification requirements, and consumers must have the option of using alternative authorization and verification methods, such as written LOAs or independent third party verification.

Additionally, with today's action, the Commission:

- Addresses the problem of "soft slamming" by facilitating the independent use of Carrier Identification Codes (CICs) by switchless resellers. CICs are numeric codes that enable local phone companies to identify a consumer's preferred long distance carrier.

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- Refines its independent third party verification process to ensure its independence, efficiency, and consistency.
- Adopts a definition of the term “subscriber” that will protect customers of record by giving them control over who is authorized to change their carrier of choice.
- To assist its enforcement efforts, requires each carrier to submit a bi-annual report on the number of slamming complaints it receives.
- Adopts streamlined carrier registration requirements that prevent slammers from escaping detection simply by changing their names.

Today’s Order also contains a *Second Order on Reconsideration*, in which the Commission, among other things, upholds its rules governing the submission of preferred carrier freeze orders, reaffirms its decision not to preempt state regulations governing verification procedures for preferred carrier change requests that are consistent with the provisions of Section 258, and adopts a 60-day limit on the amount of time an LOA confirming a carrier change request should be considered valid.

Background on Slamming

In December 1998, the Commission established a comprehensive framework designed to close loopholes used by carriers who slam consumers and to bolster certain aspects of its slamming rules to increase their deterrent effect. In particular, the Commission adopted aggressive new liability rules designed to take the profit out of slamming. The Commission also broadened the scope of its slamming rules to encompass all carriers and imposed more rigorous verification measures.

In May 2000, the Commission amended certain aspects of the slamming liability rules. The Order addressed only those issues relating to the Commission’s liability rules, which had been stayed by the D.C. Circuit the prior year. With today’s action, the Commission adopts a number of proposals discussed in the *Further Notice of Proposed Rulemaking* released with the December 1999 Order, and also addresses the remaining issues that were raised on reconsideration.

Action by the Commission July 20, 2000, by Third Report and Order and Second Order on Reconsideration (FCC 00-255). Chairman Kennard and Commissioners Ness, Furchtgott-Roth, Powell and Tristani.

CC Docket No. 94-129

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Common Carrier Bureau Contacts:
Michele Walters or Dana Walton-Bradford at 202-418-7400