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For Immediate Release

FCC PROPOSES LARGEST FINE EVER AGAINST AUTO WARRANTY SCAM ROBOCALLER

Nearly \$300 Million Proposed Fine Against Cox/Jones Enterprise Follows Agency's Earlier Enforcement Actions That Successfully Interrupted One of the Largest Illegal Robocall Operations in History

WASHINGTON, December 21, 2022—The Federal Communications Commission today proposed a record-breaking \$299,997,000 fine against an auto warranty scam robocall campaign, the largest robocall operation the FCC has ever investigated. The operation run by Roy Cox, Jr. and Michael Aaron Jones made billions of apparently illegal robocalls via their Sumco Panama company, other domestic and foreign entities, and a host of international cohorts located in Panama and Hungary (Cox/Jones Enterprise). These robocalls apparently violated federal anti-robocalling and spoofing laws. This robocall scheme made more than 5 billion robocalls to more than half a billion phone numbers during a three-month span in 2021, using pre-recorded voice calls to press consumers to speak to a “warranty specialist” about extending or reinstating their car’s warranty.

In July of this year, the FCC took initial action against the operation by issuing the FCC’s first-ever “K4 Notice” and “N2 Order” – actions that directed all U.S.-based voice service providers to cease carrying specified traffic related to the auto warranty scam robocalls. This resulted in a massive, 99% drop in the volume of such calls since June, [according](#) to RoboKiller. Today, those responsible for making the calls face additional consequences for their apparent violations. “We will be relentless in pursuing the groups behind these schemes by limiting their access to U.S. communications networks and holding them to account for their conduct,” said Enforcement Bureau Chief Loyaan A. Egal. “This latest action by the Commission further exemplifies the benefits of our working relationships with federal and state law enforcement partners, including the Ohio Attorney General’s Office, to combat illegal robocalls.”

Since at least 2018, the Cox/Jones Enterprise ran a complex robocall sales lead generation scheme, which was designed to sell vehicle service contracts that were deceptively marketed as car warranties. The FCC Enforcement Bureau’s investigation found that the Cox/Jones Enterprise apparently placed approximately 5,187,677,000 calls to 550,138,650 wireless and residential phones from January to March 2021, using 1,051,461 unique caller ID numbers – enough calls to have called each person in the United States 15 times during just those three months.

Today’s proposed fine is the largest such action in the FCC’s history largely because the FCC found that the robocallers met the agency’s criteria for egregious violations and thus deserved a substantially escalated proposed fine. Consumers used the terms “incessant” and “harassment” to describe the calls. The called health care workers during a pandemic and spoofed the phone numbers of hospitals which resulted in confused consumers calling the hospitals to complain –

tying up the phone lines of vital public safety institutions. In addition, Cox and Jones were prohibited from making telemarketing calls pursuant to Federal Trade Commission actions.

The robocalling operation apparently violated both spoofing and robocalling provisions. Under the Telephone Consumer Protection Act, robocalls – defined in part as calls using pre-recorded voice messages – to mobile phones require prior express consent from the called party – and such calls that also include telemarketing require that express consent in writing. The TCPA also requires prerecorded messages to identify the caller at the start of the message, and requires telemarketers to include a call-back number that allows consumers to opt out of future calls. This robocall scheme involved the placement of prerecorded telemarketing calls to consumers, including to mobile phones, apparently without their prior consent and without including requisite disclosures.

Under the Truth in Caller ID Act, spoofing is prohibited when it is done to cause harm – including tricking consumers or defrauding them. In this case, while many of the robocalls originated from foreign dialing entities, the calls apparently used the “neighbor spoofing” tactic to make the caller ID appear local to American consumers. The calls then misrepresented the product or service being offered and made false or misleading statements to induce call recipients to purchase goods or services. In addition, the TRACED Act raised the per-violation maximum penalty amount and removed the previous requirement that possible TCPA-violators get a warning first before becoming liable for penalties.

The proposed action, formally called a Notice of Apparent Liability for Forfeiture, or NAL, contains only allegations that advise a party (in this case Sumco Panama SA, Sumco Panama USA, Virtual Telecom kft, Virtual Telecom Inc., Davis Telecom Inc., Geist Telecom LLC, Fugle Telecom LLC, Tech Direct LLC, Mobi Telecom LLC, and Posting Express Inc.) on how it has apparently violated the law and may set forth a proposed monetary penalty. The Commission may not impose a greater monetary penalty in this case than the amount proposed in the NAL. Neither the allegations nor the proposed sanctions in the NAL are final Commission actions. The party will be given an opportunity to respond and the Commission will consider the party’s submission of evidence and legal arguments before acting further to resolve the matter.

Action by the Commission December 21, 2022 by Notice of Apparent Liability for Forfeiture (FCC 22-99). Chairwoman Rosenworcel, Commissioners Carr, Starks, and Simington approving. Chairwoman Rosenworcel and Commissioner Starks issuing separate statements.

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