

**STATEMENT OF  
CHAIRMAN JULIUS GENACHOWSKI**

*Re: Empowering Consumers to Prevent and Detect Billing for Unauthorized Charges*, CG Docket No. 11-116.

Today we take another step forward in the Commission's Consumer Empowerment Agenda as we unanimously adopt rules to stop cramming – the placement of unauthorized charges on telephone bills.

What's cramming? One victim put it well in a letter to the FCC. Getting crammed is like getting a charge on your credit card bill “for a meal you never ate at a restaurant you've never been to.”

Cramming is a big issue. It causes billions of dollars of financial damage annually for wireline telephone consumers, according to a Senate Commerce Committee staff report.

Cramming is widespread, extending from residential telephone lines to government lines to small business lines. The owner of several Krispy Kreme franchises was hit with \$4,000 worth of charges for e-faxes and other services that were never used or authorized.

Last year, as a result of investigations led by our Enforcement Bureau, the Commission issued forfeitures totaling over \$11.5 million against four crammers.

The Senate Commerce Committee has been focused on this issue, and its Majority Staff has issued an important and compelling report.

But the record in this proceeding makes clear that, while our enforcement efforts have helped, more needs to be done.

To protect consumers, we need to do two things: help consumers identify these charges when they appear on telephone bills, and prevent them from appearing on their telephone bills in the first place.

The rules we adopt today will do both.

They will require wireline carriers to clearly and conspicuously notify consumers that the carriers can block third party charges – meaning that consumers can stop these charges before they occur.

Our new rules will also require carriers to separate non-telecom third-party charges – such as e-Faxes – from regular charges to make it easier for consumers to spot cramming when they review their bills.

Importantly, this enhanced disclosure applies whether consumers receive their bills by paper or online. This is consistent with our general recognition that in the digital era our rules should reflect digital realities and opportunities – and as many as 20% of consumers have signed up for e-billing.

I applaud those wireline carriers that are stepping forward and implementing new measures to protect their customers from unauthorized third-party charges. AT&T, CenturyLink, and Verizon have each acknowledged the cramming problem and announced plans to stop placing some third-party charges on their telephone bills later this year. These are important and commendable steps, and I encourage other carriers to step forward and join these leaders.

Meanwhile, we will remain focused on consumer protection and empowerment, and, uniform rules for all carriers will help ensure that all consumers receive additional protection from unauthorized charges on their wireline telephone bills.

The new rules we adopt today aren't the end of our work. The Further Notice of Proposed Rulemaking we issue seeks comment on additional steps to tackle this problem. In particular, we ask exactly how such measures might work, how effective they might be at protecting consumers, how they could be implemented, and how costly they might be. For example, we ask whether ensuring that consumers opt-in before being billed for different types of third-party charges would offer further protection against cramming.

We also seek comment on wireless cramming, as we look into whether that is becoming a consumer issue. There should be no doubt: if the record in the FNPRM demonstrates a problem, we will act. I know the same is true of the Federal Trade Commission and state agencies, which have also taken significant enforcement actions in this area.

The Senate Commerce Committee has done very important work in shining a light on this and other consumer issues. The Senate Commerce Committee hearings and majority staff report have been instrumental in informing this proceeding and our actions today.

I should also note that this is not the first time the Commission has addressed cramming. Going back more than a decade, the Commission has facilitated voluntary industry efforts, adopted rules, and taken enforcement actions against carriers. And, as I mentioned, last year the Commission issued significant forfeitures.

I thank my colleagues for their excellent input on this item, and for sending a clear message that this Commission will continue to act on behalf of consumers.

I thank our Consumer and Governmental Affairs Bureau for their hard work on behalf of consumers, to date and going forward – and for the diligent efforts of staff across the Commission on this item.