

**STATEMENT OF
COMMISSIONER AJIT PAI**

Re: *GPSPS, Inc.*, File No.: EB-TCD-14-00016988, NAL/Acct. No.: 201532170011, FRN: 0022128334.

Our slamming rules are intended to protect consumers from unauthorized changes to their telephone service provider.¹ So a long-distance reseller trying to get a new customer must, for example, receive authorization for each “type” of service (“local exchange, intraLATA toll, and interLATA toll”),² make sure authorization is “from the subscriber,”³ and verify that authorization using an “appropriately qualified independent third party” or another prescribed channel.⁴

But these rules weren’t enough to protect GPSPS’s victims. Consider Ms. Duenas, whom GPSPS told that her husband had authorized GPSPS’s long-distance service—even though he had been dead for seven years.⁵ Or consider Ms. Vega, who disputed GPSPS’s charges but was told that her father authorized them—even though he lives on another continent.⁶ Or consider the many consumers that explained to us how GPSPS had falsified and fabricated verification recordings to appear to comply with Commission rules.⁷

This isn’t the first time our rules have failed. We’ve seen a raft of consumer complaints about slamming in recent years, ranging from the egregious (“LDC staff did not return phone calls, hung up on callers, refused to take calls, and otherwise gave consumers the run-around.”⁸) to the outrageous (Advantage “coach[ed] [customers] on the third party verification . . . to just say ‘yes’ to everything that they said.”⁹) to the fraudulent (“USTLD’s sales representatives at times tricked consumers into believing that they were calling on behalf of the consumers’ existing providers.”¹⁰). Indeed, fly-by-night operators have figured out how to profit from skirting our rules rather than complying with them.

How can we protect consumers? Enforcement actions like this one are a good step, but more is needed. Our rules already offer one avenue for relief: the preferred carrier freeze, which lets consumers opt out of these deceptive marketing practices.¹¹ But consumers shouldn’t have to opt out of a market for fraud. My proposal: Let’s open a proceeding and change this rule to make consumer protection not an option, but the default.

¹ See 47 U.S.C. § 258; 47 C.F.R. Part 65, Subpart K.

² 47 C.F.R. § 64.1120(b).

³ 47 C.F.R. § 64.1120(a)(1)(i).

⁴ 47 C.F.R. § 64.1120(c)(3).

⁵ *GPSPS, Inc.*, File No.: EB-TCD-14-00016988, NAL/Acct. No.: 201532170011, FRN: 0022128334, Notice of Apparent Liability for Forfeiture, 30 FCC Rcd 2522, 2525, para. 9 (2015).

⁶ *Id.*

⁷ *Id.* at 2525, para. 10.

⁸ *LDC Telecommunications Inc.*, File No.: EB-TCD-12-00000420, NAL/Acct. No.: 201232170010, FRN: 0004337556, Notice of Apparent Liability for Forfeiture, 27 FCC Rcd 10789, 10798 (2012) (Statement of Commissioner Ajit Pai, Approving in Part and Dissenting in Part).

⁹ *Advantage Telecommunications Corp.*, File No.: EB-TCD-12-00004803, NAL/Acct. No.: 201332170013, FRN: 0005077730, Notice of Apparent Liability for Forfeiture, 28 FCC Rcd 6843, 6848, para. 12 (2013).

¹⁰ *U.S. Telecom Long Distance, Inc.*, File No.: EB-TCD-13-00008959, NAL/Acct. No. 201432170002, FRN: 0004964417, Notice of Apparent Liability for Forfeiture, 29 FCC Rcd 823, 826, para. 8 (2014).

¹¹ 47 C.F.R. § 64.1190.