

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

In the Matter of
Protecting Consumers from One-Ring Scams
CG Docket No. 20-93

REPORT AND ORDER

Adopted: November 24, 2020

Released: November 30, 2020

By the Commission:

I. INTRODUCTION

1. The Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act (TRACED Act), in relevant part, directs the Commission to consider steps to protect consumers from a type of illegal call known as the one-ring scam, "in which a caller makes a call and allows the call to ring the called party for a short duration, in order to prompt the called party to return the call, thereby subjecting the called party to charges."

2. In this Report and Order, we implement this portion of the TRACED Act while continuing our efforts to eliminate illegal and unwanted calls by enabling voice service providers to block calls from numbers associated with a one-ring scam. We also discuss our plans to continue and expand our collaborative law enforcement and consumer education activities to stop one-ring scams and other fraudulent and abusive robocalling practices. By confirming that voice service providers may legally block the robocalls used to perpetrate one-ring scams, the measures we adopt today empower voice service providers to stop these illegal calls and give consumers substantial additional protection from these scams.

II. BACKGROUND

3. In the one-ring scam, the scammer typically places a call and causes it to disconnect after one ring, in order to induce the called party to call back and incur toll charges, of which the scammer gets a share. Caller ID for one-ring scam calls may display originating telephone numbers resembling domestic numbers but are actually international. Variations of this scam rely on phony voicemail messages urging a consumer to call a number with an unfamiliar area code to "schedule a delivery" or to notify a consumer about a "sick" relative, for example. Calling the number back connects a consumer to a telephone number outside the United States, resulting in connection and per-minute fees for as long as the consumer remains on the line. These unauthorized charges may show up on consumer bills as "premium" services, international calling, or toll calling.

1 Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act, Pub. L. No. 116-105, 133 Stat. 3286, § 12(d)(1) (2019) (TRACED Act).

2 See Protecting Consumers from One-Ring Scams, CG Docket No. 20-93, Notice of Proposed Rulemaking, 35 FCC Rcd 4908 (2020) (One-Ring Scam NPRM).

3 Scammers often use international numbers from regions that also begin with three-digit codes and resemble United States area codes, such as 649 (Turks and Caicos) and 809 (Dominican Republic).

4 Perpetrators of the one-ring scam, by attempting to induce consumers to incur charges for services they did not knowingly wish to purchase, may violate the criminal wire fraud statute in many instances. See 18 U.S.C. § 1343

(continued....)

4. In the *2017 Call Blocking Report and Order*, the Commission authorized voice service providers to block by default calls that appear to originate from invalid, unallocated, or unused numbers and numbers on a Do-Not-Originate list.<sup>5</sup> In the *2019 Call Blocking Declaratory Ruling*, the Commission gave consumers greater protection by enabling voice service providers to automatically enroll new and existing customers in call-blocking services by default if the blocking is based on reasonable analytics designed to identify unwanted calls.<sup>6</sup> And this past July, in the *Call Blocking Safe Harbor Report and Order*, the Commission gave voice service providers more incentive to block these calls by protecting them from liability resulting from the inadvertent blocking of wanted calls in certain cases.<sup>7</sup>

5. The TRACED Act directs the Commission to build on these efforts by initiating a proceeding to help protect consumers from one-ring scams.<sup>8</sup> Specifically, section 12 of the TRACED Act requires the Commission to consider measures to encourage voice service providers to prevent one-ring scam calls from reaching consumers, including rules that providers may block calls likely associated with one-ring scams.<sup>9</sup> The statute also instructs the Commission to consider how it can require international gateway providers, which are the point of entry for calls into the United States, to verify with the foreign originator the nature or purpose of calls before transmitting them for completion to U.S. consumers<sup>10</sup> and instructs the Commission to consider how it can work with federal and state law enforcement agencies, the governments of foreign countries, and entities that provide call-blocking services to address one-ring

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(imposing criminal liability for intentionally executing a “scheme... to defraud or... obtain[] money or property by means of false or fraudulent pretenses, representations, or promises” using transmissions by wire or radio); *see also United States v. Soreide*, 177 Fed. Appx. 31 (11th Cir., Apr. 18, 2006) (affirming wire fraud conviction of cramming perpetrator). In addition, the one-ring scam frequently relies on caller identification spoofing, which violates section 64.1604(a) of the Commission’s rules. 47 CFR § 64.1604(a) (“No person or entity in the United States shall, with the intent to defraud, cause harm, or wrongfully obtain anything of value, knowingly cause, directly or indirectly, any caller identification service to transmit or display misleading or inaccurate caller identification information.”); and one-ring scam calls made with an autodialer to a mobile phone may also violate section 227(b)(1)(A)(iii) of the Communications Act of 1934, as amended (Communications Act or Act), 47 U.S.C. § 227(b)(1)(A)(iii), and section 64.1200(a)(1)(iii) of our rules, 47 CFR § 64.1200(a)(1)(iii).

<sup>5</sup> *Advanced Methods to Target and Eliminate Unlawful Robocalls*, CG Docket No. 17-59, Report and Order and Further Notice of Proposed Rulemaking, 32 FCC Rcd 9706, 9710-9721, paras. 10-40 (2017) (*2017 Call Blocking Report and Order*) (adopting call blocking rules). Telephone numbers that are only used by their subscribers to receive inbound calls can be placed on a Do-Not-Originate list. These subscribers are generally government and enterprise users with call centers that receive calls on a specific toll-free number that is not used to make outbound calls. When the subscriber’s number is spoofed by a robocaller without the subscriber’s consent, the calls purporting to be from that number are most likely illegal. *Id.* at 9710, para. 10.

<sup>6</sup> *Advanced Methods to Target and Eliminate Unlawful Robocalls, Call Authentication Trust Anchor*, CG Docket No. 17-599, WC Docket No. 17-97, Declaratory Ruling and Third Further Notice of Proposed Rulemaking, 34 FCC Rcd 4876, 4886-88, paras. 33-34 (2019) (*2019 Call Blocking Declaratory Ruling*). Call blocking means “stopping calls outright so that they do not ring a phone, routing the calls directly to voicemail without ringing the phone, or some other treatment, such as interactive voice response session or voice call screening.” *Id.* at 4884, n.47.

<sup>7</sup> *Advanced Methods to Target and Eliminate Unlawful Robocalls*, CG Docket No. 17-59, Third Report and Order, Order on Reconsideration, and Fourth Further Notice of Proposed Rulemaking, 35 FCC Rcd 7614, 7623-37, paras. 20-60 (2020) (*Call Blocking Safe Harbor Report and Order*).

<sup>8</sup> TRACED Act § 12(a).

<sup>9</sup> *Id.* § 12(b)(4).

<sup>10</sup> *Id.* § 12(b)(6).

scams.<sup>11</sup> Finally, it directs the Commission to consider how, in consultation with the Federal Trade Commission (FTC), it can better educate consumers on how to avoid one-ring scams.<sup>12</sup>

6. In the *One-Ring Scam NPRM*, we sought comment on how to implement section 12. We proposed a rule to strengthen the incentives of voice service providers to block voice calls that originate from a number that is highly likely to be associated with a one-ring scam.<sup>13</sup> We also sought comment on how we could implement the remaining section 12 requirements, such as whether to impose obligations on international gateway providers to verify the nature or purpose of calls before initiating service. Finally, we sought comment on how to build upon our efforts to combat the one-ring scam by working with federal and state law enforcement agencies to protect consumers from one-ring scams, promoting consumer education and outreach, coordinating with our regulatory partners, and working more closely with companies that offer call blocking services to protect consumers. Ten parties filed comments and three parties filed replies.<sup>14</sup>

### III. DISCUSSION

7. In this Report and Order, we take action to combat one-ring scams as part of our proceeding implementing section 12 of the TRACED Act. Specifically, as we proposed in the *One-Ring Scam NPRM*, we expressly enable voice service providers to block all calls from telephone numbers that are highly likely to be associated with one-ring scams, consistent with section 12(b)(4) of the TRACED Act.<sup>15</sup> We also consider enforcement and consumer education measures to combat one-ring scams.

#### A. Enabling Providers to Block Calls Associated with One-Ring Scams

8. We adopt our proposal to expressly enable voice service providers to block calls that are highly likely to be associated with one-ring scams.<sup>16</sup> Based on the record, we conclude that this will help protect consumers from the scam and fulfill the congressional mandate in section 12(b)(4) of the

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<sup>11</sup> *Id.* § 12(b)(1), (2), (5).

<sup>12</sup> *Id.* § 12(b)(3).

<sup>13</sup> *One-Ring Scam NPRM*, 35 FCC Rcd at 4912, para. 14.

<sup>14</sup> The list of commenters is in Appendix A.

<sup>15</sup> Section 12(b)(6) of the TRACED Act directs the Commission to consider requiring international gateway providers to verify the nature or purpose of calls but does not require the Commission to adopt such a rule. We recently proposed in another proceeding a broader set of safeguards to “require voice service providers to take affirmative, effective measures to prevent new and renewing customers from using their networks to originate illegal calls” and to hold them “responsible for doing due diligence on their high-volume customers . . . .” *Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7645, paras. 101-02. That proposal would apply to the call-transmission services that *all* intermediate and terminating voice service providers (not just international gateway providers) provide to *all* originating providers (not just foreign entities) and would encompass *all* types of illegal traffic (not just one-ring scam calls). We will therefore address this section 12(b)(6) requirement in that proceeding.

<sup>16</sup> We specifically sought comment on adding a new paragraph (iv) to section 64.1200(k)(2) of our rules, which lists categories of calls that voice service providers are permitted to block by default. *See One-Ring Scam NPRM*, 35 FCC Rcd at 4912, para. 14. The new paragraph 64.1200(k)(2)(iv) we adopt here makes clear that voice service providers may lawfully block calls from “telephone numbers that they identify, using reasonable analytics, as highly likely to be associated with a one-ring scam.” The new rule is set out in Appendix B, *infra*.

TRACED Act.<sup>17</sup> Commenters generally support this rule change<sup>18</sup> and assert that voice service providers can identify such calls using analytics and fraud investigation techniques similar to those they use to identify and block other unwanted calls,<sup>19</sup> taking into account such factors as the telephone numbers and the call patterns.<sup>20</sup> Because one-ring scam calls serve no beneficial purpose, we believe no reasonable consumer would want to receive them. Accordingly, we see no need to require terminating providers to give their customers an opportunity to opt out of the blocking of such calls.<sup>21</sup> Our action will strengthen voice service providers' incentives to develop tools to block such calls. We encourage voice service providers to implement call-blocking measures that will help eliminate or reduce the number of one-ring scam calls that reach consumers. This will advance our goal of eliminating or reducing the number of one-ring scam calls that reach consumers.

9. We also extend to one-ring scam blocking our recently adopted safe harbor for inadvertent blocking of wanted robocalls using reasonable analytics.<sup>22</sup> This safe harbor gives voice service providers assurance that their good-faith blocking of one-ring scam calls based on reasonable analytics will not result in liability if they inadvertently block wanted calls, and it thus strengthens their ability and incentive to protect consumers from such scams.<sup>23</sup> These steps continue our work to protect consumers from illegal and unwanted calls. As required under section 4 of the TRACED Act,<sup>24</sup> our *Call Blocking Safe Harbor Report and Order* established that safe harbor,<sup>25</sup> and one-ring scam calls are undoubtedly part of the unwanted robocalls that providers target using reasonable analytics. Accordingly,

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<sup>17</sup> TRACED Act § 12(b)(4). We find that adoption of this rule also addresses the directive in section 12(b)(5) of the TRACED Act that we incorporate the important work of providers of analytics and call-blocking services, in conjunction with voice service providers, to identify and block one-ring scam calls and other unlawful robocalls. *Id.* § 12(b)(5).

<sup>18</sup> *See, e.g.*, USTelecom Comments at 2, 4 (stating that the Commission should adopt the general proposal in the *One-Ring Scam NPRM*, but without “any specific new rules or requirements related to blocking these types of scams”); Lanck Comments at 6-7.

<sup>19</sup> For this reason, we are adding a reference to “reasonable analytics” to the rule provision we adopt today (a term that was not included in the rule proposed in the *One-Ring Scam NPRM*). *See infra* Appendix B (new rule 64.1200(k)(2)(iv)). We are also adopting a new paragraph (f)(8) to create a definition of “one-ring scam” that is consistent with that in the proposed rule set forth in the *One-Ring Scam NPRM*.

<sup>20</sup> *See, e.g.*, AT&T Comments at 9-10 (“One-ring calling schemes share many of the same characteristics as more traditional illegal robocalling events—e.g., uncharacteristically high no-answer rate and very short average length of call. . . .”); Verizon Reply at 1-2 (“Verizon continuously monitors its network for suspected one-ring scams using sophisticated analytic tools developed by Verizon’s network engineers and data provided by our analytics partner, Transaction Network Services (TNS).”); *see also* CTIA Comments at 4-5; USTelecom Comments at 2; CenturyLink Reply at 2. *See 2019 Call Blocking Declaratory Ruling*, 34 FCC Rcd at 4888, para. 35 (listing analytics techniques used to identify one-ring scam calls and other types of illegal and unwanted calls).

<sup>21</sup> These factors distinguish one-ring scam calls from other types of unwanted calls, for which the Commission preserved an opt-out opportunity on the grounds that, “as the Commission has stated previously, consumers should have the choice as to which calls they receive.” *Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7631-32, para. 47.

<sup>22</sup> 47 CFR § 64.1200(k)(3); *Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7623-28, paras. 21-38 (adopting “reasonable analytics” and “bad actor” safe harbor rules).

<sup>23</sup> *Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7622, para. 18.

<sup>24</sup> TRACED Act § 4.

<sup>25</sup> *Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7623-28, paras. 21-38 (adopting “reasonable analytics” and “bad actor” safe harbor rules).

we find there is no need to add a separate safe harbor provision applicable specifically to one-ring scam calls.<sup>26</sup>

10. Several commenters argue that this new rule is unnecessary because voice service providers already have authority to block illegal one-ring scam calls.<sup>27</sup> We agree that voice service providers may lawfully block illegal calls, including those associated with one-ring scams.<sup>28</sup> But the rule we adopt today will remove any doubt that voice service providers may lawfully use reasonable analytics to identify and block calls that *appear to be* one-ring scam calls, even if such identification proves to be erroneous in any particular instance; that they may do so without fear of liability for inadvertently blocking wanted calls; and that they may do so on a network-wide basis. We believe this will strongly encourage voice service providers to take a more aggressive approach to blocking one-ring scam calls, consistent with our statutory mandate in section 12(b)(4) of the TRACED Act to “consider how [we] can . . . incentivize voice service providers to stop calls made to perpetrate one-ring scams from being received by called parties.” This rule amendment is also consistent with the congressional directive to consider “adding identified one-ring scam type numbers to the Commission’s existing list of permissible categories for carrier-initiated blocking.”<sup>29</sup>

11. Moreover, the rule builds on our recent work to enable voice service providers to block illegal calls. Our recently-adopted blocking provisions and the new rule we adopt here will facilitate the Commission’s work with voice service providers and third-party analytics companies to protect consumers from harmful robocalls, including one-ring scam calls.<sup>30</sup> For these reasons, we find that even though voice service providers already may lawfully block many calls that perpetrate one-ring scams, the rule change we adopt today will strengthen their incentives to do so and thus will further protect consumers from such scams.

#### **B. Collaborative Enforcement and Consumer Education Measures**

12. Section 12(b) requires the Commission to consider additional actions to address one-ring scams, including collaboration with other agencies and private parties in pursuing enforcement initiatives and consumer education measures. We intend to implement these requirements as described below.

13. Section 12(b)(1) requires the Commission to consider how to work with federal and state law enforcement agencies to protect consumers from one-ring scams.<sup>31</sup> Another section of the TRACED Act, section 5(a), also requires such coordination and states that “[t]he Attorney General, in consultation with the Chairman of the Commission, shall convene an interagency working group to study Government

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<sup>26</sup> We sought comment on this issue, and commenters generally opposed a one-ring scam-specific safe harbor. *See, e.g.*, CTIA Comments at 5-8; Verizon Reply at 2; CenturyLink Reply at 2-3.

<sup>27</sup> *See, e.g.*, AT&T Comments at 10 (noting that the obligation to complete calls is limited to legal calls); CTIA Comments at 3-4 (voice service providers have been protecting consumers from fraudulent robocalls, including one-ring scam calls, for years); CenturyLink Reply at 2-3 (existing call blocking authority is sufficient); Verizon Reply at 1-2 (Verizon monitors its network for one-ring scams and blocks them from reaching its customers).

<sup>28</sup> *See 2017 Call Blocking Report and Order*, 34 FCC Rcd at 4883, para. 22 (“The Commission has repeatedly stated that offering call-blocking services does not violate voice service providers’ call completion obligations under section 201(b) of the Communications Act of 1934, as amended”); *id.* at 4886, para. 31 (opt-in not required).

<sup>29</sup> TRACED Act § 12(b)(4).

<sup>30</sup> *See generally Call Blocking Safe Harbor Report and Order*, 35 FCC Rcd at 7623-28, paras. 21-38; *2019 Call Blocking Declaratory Ruling*, 34 FCC Rcd at 4886-88, paras. 33-34; *2017 Call Blocking Report and Order*, 32 FCC Rcd at 9710-9721, paras.10-40.

<sup>31</sup> TRACED Act § 12(b)(1).

prosecution of violations of section 227(b) of the Communications Act of 1934.<sup>32</sup> The Commission is participating in this group, as required under the TRACED Act, and will ensure that the group addresses one-ring scams.<sup>33</sup> Many one-ring scam calls fall within the scope of illegal robocalls that this working group is addressing.<sup>34</sup>

14. Section 12(b)(3) requires the Commission to consider how, in consultation with the FTC, to better educate consumers about how to avoid one-ring scams.<sup>35</sup> To implement this section, the Commission will continue and expand its existing collaborative law enforcement and consumer education activities targeted at fraudulent and abusive robocalling practices, including one-ring scams. The Commission has been proactive in consumer outreach regarding scams<sup>36</sup> and has closely collaborated with the FTC on education and outreach efforts focused on spoofing and illegal robocalls.<sup>37</sup>

15. Section 12(b)(2) requires the Commission to consider how to work with governments of foreign countries to address one-ring scams.<sup>38</sup> We intend to expand our existing efforts and work toward enhancing enforcement coordination and cooperation with foreign governments aimed at combatting unlawful cross-border schemes such as one-ring scams. The Commission collaborates with our international counterparts on a bilateral, regional, and multilateral basis. For example, the Commission has executed a bilateral Memorandum of Understanding with our Canadian counterpart, the Canadian Radio-television and Telecommunications Commission.<sup>39</sup> The Commission is also a member of the Unsolicited Communications Enforcement Network, an international organization that brings together law enforcement entities across the globe to coordinate and assist each other's efforts to combat telecommunications fraud, spam, phishing, and the dissemination of computer viruses.<sup>40</sup> Additionally, the Commission works with its international counterparts in the course of U.S. engagement in relevant regional and multilateral fora, such as the International Telecommunication Union (ITU).<sup>41</sup> These

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<sup>32</sup> *Id.* § 5(a).

<sup>33</sup> See U.S. Department of Justice, Telephone Robocall Abuse Criminal Enforcement and Deterrence Act – 2020 Report to Congress at 8-14 (2020), <https://www.justice.gov/opa/press-release/file/1331576/download> (discussing the Commission's enforcement actions, warning letters, and rulemaking actions regarding the TRACED Act).

<sup>34</sup> AT&T also suggests that the Commission and the Justice Department establish an interagency working group to increase robocall enforcement and improve interagency coordination to prevent TCPA violations and prosecute violators. AT&T Comments at 11-12.

<sup>35</sup> TRACED Act § 12(b)(3).

<sup>36</sup> See, e.g., FCC, *Coronavirus Scams—Consumer Resources*, <https://www.fcc.gov/covid-scams> (last visited Aug. 17, 2020).

<sup>37</sup> *Fake Caller ID Schemes: Information on Federal Agencies' Efforts to Enforce Laws, Educate the Public, and Support Technical Initiatives*, <https://www.gao.gov/assets/710/703362.pdf> (last visited Mar. 11, 2020).

<sup>38</sup> TRACED Act § 12(b)(2).

<sup>39</sup> See, e.g., Memorandum of Understanding between the United States Federal Communications Commission and the Canadian Radio-television and Telecommunications Commission on Mutual Assistance in the Enforcement of Laws on Automated Telephone Calls and Inaccurate Caller Identification (2016), [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-342222A1.pdf](https://apps.fcc.gov/edocs_public/attachmatch/DOC-342222A1.pdf).

<sup>40</sup> See generally Member Organizations - Unsolicited Communications Enforcement Network (UCENet), <https://www.ucenet.org/member-organizations/> (last visited Sept. 30, 2020) (listing member agencies).

<sup>41</sup> See generally ITU-T, ITU-T Work Programme, [https://www.itu.int/ITU-T/workprog/wp\\_search.aspx?sg=2&q=1](https://www.itu.int/ITU-T/workprog/wp_search.aspx?sg=2&q=1) (last visited Sept. 24, 2020) (detailing the current work programme of ITU-T Study Group 2, which includes, among other issues, information exchange related to one-ring scams); see also, e.g., ITU-D, ITU-D Study Groups, <https://www.itu.int/net4/ITU-D/CDS/sg/index.asp?lg=1&sp=2018> (last visited Sept. 24, 2020) (describing ongoing (continued....))

coordinated enforcement efforts should advance our goal, shared with other nations, of halting unlawful and abusive practices that are carried out in one country and harm consumers in other countries. One of the most effective ways to prevent fraudulent activities, such as one-ring scam calls that originate in other countries, from harming American consumers may be to eliminate them at their source.

16. Commenters recommend that we focus on combatting one-ring scam calls that fraudulently induce consumers to place calls to premium-rate numbers under a foreign government's national numbering plan, subject to analytics that suggest reasonable cause to treat such inbound calls as scam calls.<sup>42</sup> We agree that voice service providers could block such inbound calls if they satisfy the applicable criteria in our rules.

#### IV. PROCEDURAL MATTERS

17. *Paperwork Reduction Act Analysis.* This document does not contain new or modified information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. § 3506(c)(4).

18. *Congressional Review Act.* The Commission has determined, and the Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget, concurs that these rules are non-major under the Congressional Review Act, 5 U.S.C. § 804(2). The Commission will send a copy of this Report and Order to Congress and the Government Accountability Office pursuant to 5 U.S.C. § 801(a)(1)(A).

19. *Final Regulatory Flexibility Analysis.* As required by the Regulatory Flexibility Act of 1980 (RFA)<sup>43</sup> the Commission has prepared a Final Regulatory Flexibility Analysis (FRFA) relating to this Report and Order. The FRFA is contained in Appendix C.

#### V. ORDERING CLAUSES

20. Accordingly, **IT IS ORDERED** that, pursuant to sections 4(i), 4(j), and 227 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 227, and section 12 of the Telephone Robocall Abuse Criminal Enforcement and Deterrence Act, Pub. L. 116-105, 133 Stat. 1274, this Report and Order **IS HEREBY ADOPTED**.

21. **IT IS FURTHER ORDERED** that the rule amendment set forth in Appendix B **SHALL BE EFFECTIVE** 30 days after its publication in the Federal Register.

22. **IT IS FURTHER ORDERED** that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, **SHALL SEND** a copy of this Report and Order, including

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information-sharing efforts within the ITU Development Sector related to enhancing consumer protection and building confidence in the use of information and communications technologies).

<sup>42</sup> *See, e.g.*, iconectiv Comments at 3; ZipDX Comments at 2-3. ZipDX explains that the one-ring scam can use premium-cost numbers, analogous to 900 and 976 numbers in the North American Numbering Plan, that are billed at a higher rate. ZipDX Comments at 3. We decline to adopt the suggestion raised by a commenter that we adopt a rule that providers may block outbound calls from U.S. consumers to a number likely associated with a one-ring scam. *See* iconectiv Comments at 3. We did not seek comment on the issue of blocking outbound calls and it appears to be outside of the scope of the requirements in section 12 of the TRACED Act.

<sup>43</sup> *See* 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 847 (1996). The SBREFA was enacted as Title II of the Contract with America Advancement Act of 1996 (CWAAA).

the Final Regulatory Flexibility Analysis in Appendix C, to Congress and the Government Accountability Office pursuant to 5 U.S.C. § 801(a)(1)(A).

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary



## APPENDIX A

<b>Committer—Initial Comments</b>	<b>Abbreviated name</b>
AT&T Services, Inc.	AT&T
CTIA	CTIA
Express Teleservices, Corp. d/b/a Lanck Telecom	Lanck
First Orion Corp.	First Orion
INCOMPAS	INCOMPAS
iconectiv, LLC	iconectiv
T-Mobile USA, Inc.	T-Mobile
Transaction Network Services, Inc.	TNS
USTelecom—The Broadband Association	USTelecom
ZipDX LLC	ZipDX

<b>Committer—Reply Comments</b>	<b>Abbreviated name</b>
CenturyLink, Inc.	CenturyLink
Consumer Reports, Consumer Action, Consumer Federation of America, National Association of Consumer Advocates, and National Consumer Law Center, on behalf of its low-income clients	Consumer Joint Commenters
Verizon Communications, Inc.	Verizon

**APPENDIX B**

**Final Rules**

**PART 64 – MISCELLANEOUS RULES RELATING TO COMMON CARRIERS**

1. The authority citation for part 64 continues to read as follows:

**Authority:** 47 U.S.C. 154, 201, 202, 217, 218, 220, 222, 225, 226, 227, 228, 251(a), 251(e), 254(k), 262, 403(b)(2)(B), (c), 616, 620, and 1401-1473, unless otherwise noted.

§ 64.1200 [Amended]

2. Amend § 64.1200 by inserting new paragraphs (f)(8) and (k)(2)(iv), as shown below, and by redesignating paragraphs (f)(8) through (f)(17) as (f)(9) through (f)(18), respectively:

**§ 64.1200 Delivery Restrictions**

\* \* \* \* \*

(f) \* \* \* \* \*

(8) The term one-ring scam means a scam in which a caller makes a call and allows the call to ring the called party for a short duration, in order to prompt the called party to return the call, thereby subjecting the called party to charges.

\* \* \* \* \*

(k) \* \* \*

(2) \* \* \*

\* \* \* \* \*

(iv) A telephone number that the provider identifies, based on reasonable analytics, as highly likely to be associated with a one-ring scam.

\* \* \* \* \*

## APPENDIX C

## Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980, as amended, (RFA),<sup>1</sup> an Initial Regulatory Flexibility Analysis (IRFA) was incorporated in the Notice of Proposed Rulemaking in this docket.<sup>2</sup> The Commission sought written public comment on the proposals in the Notice, including comment on the IRFA. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.<sup>3</sup>

**A. Need for, and Objectives of, the Rules**

2. This Report and Order, we adopt the proposal in our Notice of Proposed Rulemaking to include numbers that are likely to be associated with the one-ring scam as a category of numbers that voice service providers can block. This will implement section 12 of the TRACED Act, to prevent consumers from a type of scam called a one-ring scam.<sup>4</sup> The TRACED Act defines “one-ring scam” as “a scam in which a caller makes a call and allows the call to ring the called party for a short duration, in order to prompt the called party to return the call, thereby subjecting the called party to charges.”<sup>5</sup>

3. Section 12 of the TRACED Act requires the Commission to initiate a proceeding to protect called parties from one-ring scams.<sup>6</sup> The Act states that the Commission shall consider how it can: work with federal and state law enforcement agencies;<sup>7</sup> work with the governments of foreign countries to address one-ring scams;<sup>8</sup> in consultation with the Federal Trade Commission (FTC), better educate consumers about how to avoid one-ring scams;<sup>9</sup> encourage voice service providers to stop calls made to perpetrate one-ring scams from being received by called parties, including consideration of adding identified one-ring scam-type numbers to the Commission’s existing list of permissible categories for carrier-initiated blocking;<sup>10</sup> work with entities that provide call-blocking services to address one-ring scams;<sup>11</sup> and establish obligations on international gateway providers that are the first point of entry for these calls into the United States, including potential requirements that such providers verify with the foreign originator the nature or purpose of calls before initiating service.<sup>12</sup>

**B. Summary of Significant Issues Raised by Public Comments in Response to the IRFA**

4. There were no comments filed that specifically addressed the rules and policies proposed

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<sup>1</sup> 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. § 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

<sup>2</sup> *Protecting Consumers from One-Ring Scams*, CG Docket No. 20-93, Notice of Proposed Rulemaking, 35 FCC Rcd 4908 (2020) (*Notice*).

<sup>3</sup> 5 U.S.C. § 603(a).

<sup>4</sup> Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act, Pub. L. No. 116-105, 133 Stat. 3274 (2019) (TRACED Act); TRACED Act § 12.

<sup>5</sup> *Id.* § 12(d)(1).

<sup>6</sup> The Commission was required to initiate this proceeding not later than 120 days after enactment of the TRACED Act; i.e., 120 days after December 30, 2019, which was April 28, 2020.

<sup>7</sup> TRACED Act § 12(b)(1).

<sup>8</sup> *Id.* § 12(b)(2).

<sup>9</sup> *Id.* § 12(b)(3).

<sup>10</sup> *Id.* § 12(b)(4).

<sup>11</sup> *Id.* § 12(b)(5).

<sup>12</sup> *Id.* § 12(b)(6).

in the IRFA.

**C. Response to Comments by the Chief Counsel for Advocacy of the Small Business Administration**

5. Pursuant to the Small Business Jobs Act of 2010, which amended the RFA, the Commission is required to respond to any comments filed by the Chief Counsel for Advocacy of the Small Business Administration (SBA), and to provide a detailed statement of any change made to the proposed rules as a result of those comments.<sup>13</sup>

6. The Chief Counsel did not file any comments in response to the proposed rules in this proceeding.

**D. Description and Estimate of the Number of Small Entities to Which the Proposed Rules Will Apply**

7. The RFA directs agencies to provide a description of, and where feasible, an estimate of the number of small entities that may be affected by the rules adopted herein.<sup>14</sup> The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”<sup>15</sup> In addition, the term “small business” has the same meaning as the term “small-business concern” under the Small Business Act.<sup>16</sup> A “small-business concern” is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.<sup>17</sup>

**1. Wireline Carriers**

8. *Wired Telecommunications Carriers.* The U.S. Census Bureau defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>18</sup> The SBA has developed a small business size standard for Wired Telecommunications Carriers, which consists of all such companies having 1,500 or fewer employees.<sup>19</sup> Census data for 2012 shows that there were 3,117 firms that operated

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<sup>13</sup> 5 U.S.C. § 604 (a)(3).

<sup>14</sup> 5 U.S.C. § 603(b)(3).

<sup>15</sup> 5 U.S.C. § 601(6).

<sup>16</sup> 5 U.S.C. § 601(3) (incorporating by reference the definition of “small-business concern” in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.”

<sup>17</sup> 15 U.S.C. § 632.

<sup>18</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>19</sup> 13 CFR § 121.201, NAICS code 517311.

that year. Of this total, 3,083 operated with fewer than 1,000 employees.<sup>20</sup> Thus, under this size standard, the majority of firms in this industry can be considered small.

9. *Local Exchange Carriers (LECs)*. Neither the Commission nor the SBA has developed a small business size standard specifically for Local Exchange Carriers. The closest applicable size standard under SBA rules is for the category Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>21</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>22</sup> Census data for 2012 show that there were 3,117 firms that operated that year. Of this total, 3,083 operated with fewer than 1,000 employees.<sup>23</sup> Consequently, the Commission estimates that most providers of local exchange service are small businesses.

10. *Incumbent Local Exchange Carriers (Incumbent LECs)*. Neither the Commission nor the SBA has developed a small business size standard specifically for incumbent local exchange services. The closest applicable size standard under SBA rules is for the category Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>24</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>25</sup> Census data for 2012 show that there were 3,117 firms that operated that year. Of this total,

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<sup>20</sup> 2012 U.S. Economic Census, NAICs Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>21</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>22</sup> 13 CFR § 121.201, NAICS code 517311.

<sup>23</sup> 2012 U.S. Economic Census, NAICs Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>24</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>25</sup> 13 CFR § 121.201, NAICS code 517311.

3,083 operated with fewer than 1,000 employees.<sup>26</sup> Consequently, the Commission estimates that most providers of incumbent local exchange service are small businesses.

11. *Competitive Local Exchange Carriers (Competitive LECs), Competitive Access Providers (CAPs), Shared-Tenant Service Providers, and Other Local Service Providers.* Neither the Commission nor the SBA has developed a small business size standard specifically for these service providers. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>27</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>28</sup> Census data for 2012 show that there were 3,117 firms that operated that year. Of this total, 3,083 operated with fewer than 1,000 employees.<sup>29</sup> Consequently, the Commission estimates that most providers of competitive local exchange service, competitive access providers, shared-tenant service providers, and other local service providers are small entities.

12. We have included small incumbent LECs in this present RFA analysis. As noted above, a “small business” under the RFA is one that, *inter alia*, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and “is not dominant in its field of operation.”<sup>30</sup> The SBA’s Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not “national” in scope.<sup>31</sup> We have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on Commission analyses and determinations in other, non-RFA contexts.

13. *Interexchange Carriers.* Neither the Commission nor the SBA has developed a small business size standard specifically for providers of interexchange services. The appropriate size standard under SBA rules is for the category Wired Telecommunications Carriers. The U.S. Census Bureau

<sup>26</sup> 2012 U.S. Economic Census, NAICs Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>27</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>28</sup> 13 CFR § 121.201, NAICS code 517311.

<sup>29</sup> 2012 U.S. Economic Census, NAICs Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>30</sup> 5 U.S.C. § 601(3).

<sup>31</sup> Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA, to William E. Kennard, Chairman, Federal Communications Commission (May 27, 1999). The Small Business Act contains a definition of “small business concern,” which the RFA incorporates into its own definition of “small business.” 15 U.S.C. § 632(a); 5 U.S.C. § 601(3). SBA regulations interpret “small business concern” to include the concept of dominance on a national basis. 13 CFR § 121.102(b).

defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>32</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>33</sup> Census data for 2012 show that there were 3,117 firms that operated that year. Of this total, 3,083 operated with fewer than 1,000 employees.<sup>34</sup> Consequently, the Commission estimates that the majority of interexchange carriers are small entities.

14. *Cable System Operators (Telecom Act Standard)*. The Communications Act of 1934, as amended, also contains a size standard for small cable system operators, which is “a cable operator that, directly or through an affiliate, serves in the aggregate fewer than one percent of all subscribers in the United States and is not affiliated with any entity or entities whose gross annual revenues in the aggregate exceed \$250,000,000.”<sup>35</sup> As of 2019, there were approximately 48,646,056 basic cable video subscribers in the United States.<sup>36</sup> Accordingly, an operator serving fewer than 486,460 subscribers shall be deemed a small operator if its annual revenues, when combined with the total annual revenues of all its affiliates, do not exceed \$250 million in the aggregate.<sup>37</sup> Based on available data, we find that all but five cable operators are small entities under this size standard.<sup>38</sup> We note that the Commission neither requests nor collects information on whether cable system operators are affiliated with entities whose gross annual revenues exceed \$250 million.<sup>39</sup> Therefore, we are unable at this time to estimate with greater precision the number of cable system operators that would qualify as small cable operators under the definition in the Communications Act.

15. *Other Toll Carriers*. Neither the Commission nor the SBA has developed a size standard for small businesses specifically applicable to Other Toll Carriers. This category includes toll carriers that do not fall within the categories of interexchange carriers, operator service providers, prepaid calling

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<sup>32</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>33</sup> 13 CFR § 121.201, NAICS code 517311.

<sup>34</sup> 2012 U.S. Economic Census, NAICS Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>35</sup> 47 U.S.C. § 543(m)(2); see 47 CFR § 76.901(e).

<sup>36</sup> S&P Global Market Intelligence, *U.S. Cable Subscriber Highlights, Basic Subscribers(actual) 2019, U.S. Cable MSO Industry Total*, see also *U.S. Multichannel Industry Benchmarks, U.S. Cable Industry Benchmarks, Basic Subscribers 2019Y*, <https://platform.marketintelligence.spglobal.com>.

<sup>37</sup> 47 CFR § 76.901(e).

<sup>38</sup> S&P Global Market Intelligence, *Top Cable MSOs as of 12/2019*, <https://platform.marketintelligence.spglobal.com>. [The five cable operators all had more than](https://platform.marketintelligence.spglobal.com) 486,460 [basic cable subscribers](https://platform.marketintelligence.spglobal.com).

<sup>39</sup> The Commission does receive such information on a case-by-case basis if a cable operator appeals a local franchise authority’s finding that the operator does not qualify as a small cable operator pursuant to § 76.901(f) of the Commission’s rules. See 47 CFR § 76.909(b).

card providers, satellite service carriers, or toll resellers. The closest applicable size standard under SBA rules is for Wired Telecommunications Carriers. The U.S. Census Bureau defines this industry as “establishments primarily engaged in operating and/or providing access to transmission facilities and infrastructure that they own and/or lease for the transmission of voice, data, text, sound, and video using wired communications networks. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in this industry use the wired telecommunications network facilities that they operate to provide a variety of services, such as wired telephony services, including VoIP services, wired (cable) audio and video programming distribution, and wired broadband internet services. By exception, establishments providing satellite television distribution services using facilities and infrastructure that they operate are included in this industry.”<sup>40</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>41</sup> Census data for 2012 show that there were 3,117 firms that operated that year. Of this total, 3,083 operated with fewer than 1,000 employees.<sup>42</sup> Thus, under this category and the associated small business size standard, the majority of other toll carriers can be considered small.

## 2. Wireless Carriers

16. *Wireless Telecommunications Carriers (except Satellite)*. Since 2007, the Census Bureau has placed wireless firms within this new, broad, economic census category.<sup>43</sup> Under the present and prior categories, the SBA has deemed a wireless business to be small if it has 1,500 or fewer employees.<sup>44</sup> For the category of Wireless Telecommunications Carriers (except Satellite), Census data for 2012 show that there were 967 firms that operated for the entire year. Of this total, 955 firms had fewer than 1,000 employees.<sup>45</sup> Thus, under this category and the associated size standard, the Commission estimates that the majority of wireless telecommunications carriers (except satellite) are small entities. Similarly, according to internally developed Commission data, 413 carriers reported that they were engaged in the provision of wireless telephony, including cellular service, Personal Communications Service (PCS), and Specialized Mobile Radio (SMR) services.<sup>46</sup> Of this total, an estimated 261 have 1,500 or fewer employees.<sup>47</sup> Thus, using available data, we estimate that the majority of wireless firms can be considered small.

17. *Satellite Telecommunications Providers*. The category of Satellite Telecommunications

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<sup>40</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517311 Wired Telecommunications Carriers”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>41</sup> 13 CFR § 121.201, NAICS code 517311.

<sup>42</sup> 2012 U.S. Economic Census, NAICS Code 517311, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Establishments%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&mode=&n=517311>.

<sup>43</sup> U.S. Census Bureau, 2017 NAICS Definitions, “517312 Wireless Telecommunications Carriers (Except Satellite)”; <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>44</sup> 13 CFR § 121.201, NAICS code 517312 (2017 NAICS). The now-superseded CFR citation was 13 CFR § 121.201, NAICS code 517312 (referring to the 2012 NAICS).

<sup>45</sup> 2012 U.S. Economic Census, NAICS Code 517210, at <https://data.census.gov/cedsci/table?q=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Firms%20for%20the%20U.S.&g=&table=EC1251SSSZ5&tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&lastDisplayedRow=11&vintage=2012&n=517210>.

<sup>46</sup> *Trends in Telephone Service*, Federal Communications Commission, Wireline Competition Bureau, Industry Analysis and Technology Division at Table 5.3 (Sept. 2010) (*Trends in Telephone Service*).

<sup>47</sup> *Id.*



Providers “comprises establishments primarily engaged in providing telecommunications services to other establishments in the telecommunications and broadcasting industries by forwarding and receiving communications signals via a system of satellites or reselling satellite telecommunications.”<sup>48</sup> This category has a small business size standard of \$35.0 million or less in average annual receipts, under SBA rules.<sup>49</sup> For this category, Census Bureau data for 2012 show that there were a total of 333 firms that operated for the entire year.<sup>50</sup> Of this total, 299 firms had annual receipts of under \$25 million.<sup>51</sup> Consequently, we estimate that the majority of satellite telecommunications firms are small entities.

18. *All Other Telecommunications.* All Other Telecommunications comprises, *inter alia*, “establishments primarily engaged in providing specialized telecommunications services, such as satellite tracking, communications telemetry, and radar station operation. This industry also includes establishments primarily engaged in providing satellite terminal stations and associated facilities connected with one or more terrestrial systems and capable of transmitting telecommunications to, and receiving telecommunications from, satellite systems. Establishments providing Internet services or VoIP services via client-supplied telecommunications connections are also included in this industry.”<sup>52</sup> The SBA has developed a small business size standard for the category of All Other Telecommunications.<sup>53</sup> Under that size standard, such a business is small if it has \$35.0 million in annual receipts.<sup>54</sup> For this category, Census Bureau data for 2012 show that there were a total of 1,442 firms that operated for the entire year.<sup>55</sup> Of this total, 1,400 had annual receipts below \$25 million per year.<sup>56</sup> Consequently, we estimate that the majority of All Other Telecommunications firms are small entities.

### 3. Resellers

19. *Toll Resellers.* The Commission has not developed a definition for toll resellers. The closest NAICS Code Category is Telecommunications Resellers. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. Mobile virtual network operators (MVNOs) are included in this industry.<sup>57</sup> The SBA has developed a small business

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<sup>48</sup> U.S. Census Bureau, 2012 NAICS Definitions, “517410 Satellite Telecommunications,” <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=517410&search=2012>.

<sup>49</sup> 13 CFR § 121.201, NAICS Code 517410.

<sup>50</sup> U.S. Census Bureau, 2012 Economic Census, Subject Series: Information, “Establishment and Firm Size,” NAICS code 517410.

<sup>51</sup> *Id.*

<sup>52</sup> U.S. Census Bureau, 2012 NAICS Definitions, “517919 All Other Telecommunications,” <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

<sup>53</sup> 13 CFR § 121.201, NAICS code 517919.

<sup>54</sup> *Id.*

<sup>55</sup> 2012 U.S. Economic Census, NAICS Code 517919 at <https://data.census.gov/cedsci/table?tid=ECNSIZE2012.EC1251SSSZ5&t=Employment%20Size&text=Estab%20%26%20Firm%20Size%3A%20Employment%20Size%20of%20Firms%20for%20the%20U.S.&n=517919&hidePreview=false&vintage=2012>.

<sup>56</sup> *Id.*

<sup>57</sup> <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?input=517911&search=2012+NAICS+Search&search=2012>.

size standard for the category of Telecommunications Resellers.<sup>58</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>59</sup> Census data for 2012 show that 1,341 firms provided resale services during that year. Of that number, 1,341 operated with fewer than 1,000 employees.<sup>60</sup> Thus, under this category and the associated small business size standard, the majority of these resellers can be considered small entities. According to Commission data, 881 carriers have reported that they are engaged in the provision of toll resale services.<sup>61</sup> Of this total, an estimated 857 have 1,500 or fewer employees.<sup>62</sup> Consequently, the Commission estimates that the majority of toll resellers are small entities.

20. *Local Resellers.* The Commission has not developed a definition for Local Resellers. The closest NAICS Code Category is Telecommunications Resellers and therefore the associated definition and data for Telecommunications Resellers has been used for Local Resellers. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. MVNOs are included in this industry.<sup>63</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>64</sup> Census data for 2012 show that 1,341 firms provided resale services during that year. Of that number, all operated with fewer than 1,000 employees.<sup>65</sup> Thus, under this category and the associated small business size standard, the majority of these local resellers can be considered small entities.

21. *Prepaid Calling Card Providers.* The Commission has not developed a definition for Prepaid Calling Card Providers. The closest NAICS Code Category is Telecommunications Resellers and therefore the associated definition and data for Telecommunications Resellers has been used for Prepaid Calling Card Providers. The Telecommunications Resellers industry comprises establishments engaged in purchasing access and network capacity from owners and operators of telecommunications networks and reselling wired and wireless telecommunications services (except satellite) to businesses and households. Establishments in this industry resell telecommunications; they do not operate transmission facilities and infrastructure. MVNOs are included in this industry.<sup>66</sup> Under that size standard, such a business is small if it has 1,500 or fewer employees.<sup>67</sup> Census data for 2012 show that 1,341 firms provided resale services during that year. Of that number, all operated with fewer than 1,000

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<sup>58</sup> 13 CFR § 121.201, NAICS code 517911.

<sup>59</sup> *Id.*

<sup>60</sup> 2012 U.S. Economic Census, NAICS Code 517911, at <https://data.census.gov/cedsci/table?tid=ECNSIZE2012.EC1251SSSZ5&hidePreview=false&vintage=2012&text=Employment%20size&n=517911&cid=EMP>.

<sup>61</sup> *Trends in Telephone Service*, at tbl. 5.3.

<sup>62</sup> *Id.*

<sup>63</sup> <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?input=517911&search=2012+NAICS+Search&search=2012>.

<sup>64</sup> 13 CFR § 121.201, NAICS code 517911.

<sup>65</sup> U.S. Census Bureau, 2012 Economic Census, Subject Series: Information, “Establishment and Firm Size,” NAICS code 517911.

<sup>66</sup> <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?input=517911&search=2012+NAICS+Search&search=2012>.

<sup>67</sup> 13 CFR § 121.201, NAICS code 517911.

employees.<sup>68</sup> Thus, under this category and the associated small business size standard, the majority of these prepaid calling card providers can be considered small entities.

**E. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements**

22. Voice service providers may implement reporting or recordkeeping in order to accomplish blocking of one-ring scam calls, but it is not required in the rule.

**F. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered**

23. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.<sup>69</sup>

24. The Commission's rule allows – but does not require – voice service providers to block calls from numbers that they identify, using reasonable analytics, as likely to be associated with one-ring scams. The rule is permissive, not mandatory; it allows all voice service providers, including small businesses, to block such calls, but it does not impose any new compliance obligations or reporting obligations. To the extent this new rule has any economic impact on voice service providers that are small entities, the impact will likely be beneficial because they will be shielded from liability if they opt to block calls in the manner described in the Report and Order.

25. *Report to Congress:* The Commission will send a copy of the Report and Order, including this FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a copy of the Report and Order, including this FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the Report and Order and FRFA (or summaries thereof) will also be published in the Federal Register.

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<sup>68</sup> U.S. Census Bureau, 2012 Economic Census, Subject Series: Information, “Establishment and Firm Size,” NAICS code 517911.

<sup>69</sup> 5 U.S.C. § 603(c).