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HOMELAND SECURITY COMMITTEE
CHAIRMAN, SUBCOMMITTEE ON
COUNTERTERRORISM AND INTELLIGENCE
SUBCOMMITTEE ON CYBERSECURITY,
INFRASTRUCTURE PROTECTION AND
SECURITY TECHNOLOGIES

Congress of the United States
House of Representatives

Washington, DC 20515-3807

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OVERSIGHT AND GOVERNMENT
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SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

Mr. Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Dear Mr. Genachowski,

I am writing to express my concern about the practice of “cramming.” An estimated 15 to 20 million households are subject to scams each year when unauthorized charges are placed on their monthly phone bill.

As you know, the Telecommunications Act of 1996 allows companies to conduct third-party billing, where consumers can choose to pay for other goods and services through their monthly phone bill. Unfortunately, some unscrupulous third-party vendors insert hidden charges for unwanted services into consumers’ bills, often with vague or confusing names, and unsuspecting consumers typically do not scrutinize or carefully check their phone bill. In addition, as a prosecutor, I saw many cases in which seniors were targeted by scammers who preyed on their confusion about the services they were purportedly receiving.

According to a Federal Communications Commission (FCC) inquiry, only 20 of 17,384 consumers used the third-party service they were charged for on their monthly bill, or 0.1 percent. On top of paying for services they did not authorize or use, victims of cramming often spend countless hours going through the frustrating and very difficult process of disputing the fraudulent charges. Additionally, consumers can face the prospect of their bill going to a collections agency for failure to pay fraudulent charges, and subsequent damage to their credit score.

A July 2011 Senate Commerce Committee Report found that the cost to families and small businesses from cramming totals in the hundreds and thousands of dollars. For some larger businesses, the damage can total in the tens of thousands of dollars. At a time when we are searching for ways to help small businesses spur economic growth and create jobs, it is unconscionable that instead of hiring new employees or investing in company expansion, businesses are forced to spend money, time and resources to combat this fraudulent activity. Families struggling to make ends meet are cheated out of earnings needed to pay their bills and care for their children. I am particularly concerned about unsuspecting seniors who are targeted by scammers and exploited.

Despite prior efforts by the FCC and the industry, including new disclosure rules on consumers’ bills, cramming has not been stamped out in the 15 years third-party billing has been

in existence. I understand that the FCC has proposed new rules to require companies allow to consumers to block all third-party charges.

I respectfully ask a timely reply to the following:

- What enforcement mechanism is in place at the FCC to stop fraudulent third-party activity?
- What actions has the FCC taken to ensure that victims of cramming will be able to dispute claims more efficiently?
- Is the FCC considering a proposal to ban third-party billing altogether?
- What protections are in place to safeguard consumers from unknowingly confirming a sales pitch for services they do not need or want?
- Are there any specific protections in place for senior citizens?

Thank you for your time and attention. Protecting consumers and small businesses from fraudulent activity and costly, unwarranted charges is a priority of mine in Congress. I look forward to your timely response.

Sincerely,



Patrick Meehan
Member of Congress