

ORIGINAL

DOCKET NO. 990994-TP

WITNESS: **Direct Testimony of RICHARD A. MOSES**  
Appearing on Behalf Of Staff

DATE FILED: August 8, 2000

DOCUMENT NUMBER-DATE

09587 AUG-88

FPSC-RECORDS/REPORTING

DIRECT TESTIMONY OF RICHARD MOSES

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Q. Would you please state your name and business address.

A. My name is Richard Moses and my business address is 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Q. By whom are you employed and in what capacity?

A. I am employed by the Florida Public Service Commission as Chief of the Bureau of Service Quality.

Q. Please give a brief description of your educational background and professional experience.

A. I attended college, but did not complete course work for a degree. I have 28 years of telephone experience which includes outside plant, special services design engineering, and project management. Included in the 28 years is 9 years of employment with the FPSC. I have been directly involved in multiple rulemaking proceedings and have directly dealt with "cramming" complaints.

Q. What are your present responsibilities with the Commission?

A. As Chief of the Bureau of Service Quality, I am responsible for the Bureau's recommendations to the Commission and the day-to-day operations of the Compliance and Service Evaluation sections within the Division of Competitive Services. The Bureau is responsible for enforcement of the Commission's rules and for measuring and reporting to the Commission the quality of service provided by Florida's telecommunications industry. The Bureau also handles consumer complaints of a

1 technical nature.

2 Q. What is the purpose of your testimony?

3 A. To establish that a billing block, as adopted in Rule 25-  
4 4.110(19)(a), should also be adopted as a requirement of  
5 interexchange companies (IXC) and alternative local exchange  
6 companies (ALEC) who provide their own telephone bills. A  
7 billing block provides consumers better control of their  
8 telephone bills in order to reduce the incidents of  
9 unauthorized charges ("cramming") appearing on their telephone  
10 bills.

11 Q. What is a "billing block?"

12 A. A billing block is a method that will allow the consumer to  
13 select which companies will be authorized to place charges on  
14 the consumer's telephone bill. The charges can be from the  
15 company selected as the billing party, a governmental agency,  
16 and the consumer's presubscribed intraLATA or interLATA  
17 interexchange carrier, and the charges associated with collect  
18 calls, third party calls, and calls using 10-10-XXX calling  
19 patterns.

20 Q. Why is a billing block necessary?

21 A. A consumer's telephone number is an account number by which  
22 any entity can place a charge on the consumer's telephone  
23 bill. By using the telephone number, which is usually  
24 published in the telephone directory, an unscrupulous company  
25 can forward a fraudulent charge to the billing entity, and a

1 crammng charge appears on the consumer's telephone bill. I  
2 doubt that anyone would agree to display his VISA card number  
3 in the telephone book. A telephone number essentially is a  
4 VISA number for companies with the intent to produce a  
5 fraudulent charge.

6 Q. What is different about cramming compared to other types of  
7 fraud that occur in the telecommunications industry?

8 A. Cramming usually consists of charges on the telephone bill  
9 that are not related to telecommunications service. Many of  
10 the complaints I have seen are associated with webpage design,  
11 voice mail, membership services, and, in one incident, a bill  
12 for pet insurance. What makes cramming unique is that it  
13 often bears no relationship to a consumer making a telephone  
14 call. Telephone companies have services available to consumers  
15 that protect them, such as 900 blocking. Another protection  
16 is the PIC freeze that was made available through rulemaking  
17 to help prevent "slamming." However, nothing is presently  
18 available to prevent charges that are not associated with the  
19 consumer making a telephone call. Thus, I believe there is a  
20 definite need for the billing block.

21 Q. Is the billing block mandatory for every consumer?

22 A. No, it is an option that the consumer can select if he desires  
23 to have additional safeguards against "cramming."

24 Q. How would the billing block work?

25 A. If the consumer chooses the billing block option, charges from

1 the billing entity (normally the incumbent local exchange  
2 company) and the providers for intraLATA and interLATA calls  
3 would appear on the bill. Third party billing, collect calls,  
4 and calls originated using 10-10-XXX would also be allowed on  
5 the bills. All other charges, except taxes and governmental  
6 charges such as subscriber line charges, could not be billed  
7 to the consumer.

8 Q. How would this billing block reduce "cramming?"

9 A. By eliminating charges other than those the consumer desires  
10 to be billed for. For example, Exhibit RAM-1 shows one type  
11 of billing that would be prevented with the billing block  
12 option. The exhibit shows a bill for a "Calling Card Monthly  
13 Service Plan." This charge is obviously from a company other  
14 than the consumer's presubscribed long distance company  
15 because the company is not a certificated long distance  
16 provider in Florida and is not listed on the consumer's bill  
17 as a presubscribed carrier. This charge would not have been  
18 placed on the bill had the complainant subscribed to the  
19 billing block option.

20 Q. Why do consumers need a billing block?

21 A. Consumers need this capability to protect themselves, because  
22 telecommunications billing systems are very susceptible to  
23 fraud. Through agreements with billing clearinghouses,  
24 virtually anyone may initiate charges to specific telephone  
25 accounts, with or without authorization, and whether calls are

1 involved or not.

2 Q. Could the billing companies eliminate cramming by simply not  
3 billing for charges other than telecommunications services?

4 A. Staff has had several meetings with various billing entities  
5 over the last two years. Some of the billing entities (LECs)  
6 took a proactive approach and actually canceled some billing  
7 contracts with companies that had a high number of "cramming"  
8 complaints. Some other companies quit billing for services  
9 not related to telecommunications. This action certainly has  
10 had a positive impact in reducing the incidents of "cramming"  
11 and I commend those companies for their actions.  
12 Unfortunately, cramming still exists.

13 Q. Do you believe the billing block option requirement should  
14 apply to Alternative Local Exchange Companies (ALECs)?

15 A. Yes. ALECs are just as susceptible to fraud as any other  
16 company. Many ALECs are pure resellers of the incumbent LECs'  
17 services and depend on the underlying LEC to do the billing.  
18 In this situation I believe the ALEC could, through its  
19 relations with the incumbent LEC, provide for the billing  
20 block for the ALECs' customers much the same way they provide  
21 for a PIC freeze. For those ALECs that produce their own  
22 bills, if they do not bill for other entities, the requirement  
23 is not applicable. If they do bill for other entities, a  
24 billing block should be required just as it is for LECs in  
25 order to provide equal protection for consumers of ALECs.

1 Q. Do you believe the billing block option should apply to  
2 Interexchange Companies?

3 A. Yes. Many IXC's bill consumers directly. These companies are  
4 as susceptible to fraudulent charges if they bill for other  
5 entities as ALECs and LECs are, and their consumers need the  
6 billing block protection just as much. If the IXC does not  
7 bill for other entities, the billing block requirement is not  
8 applicable.

9 Q. Does this conclude your testimony?

10 A. Yes.

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**EXHIBIT NO. RAM-1**

**DOCKET NO. 990994-TP**

**WITNESS: Richard A. Moses**

**PARTY: Florida Public Service Commission**

**DESCRIPTION: Copy of a consumer complaint against RCP Communications for imposing unauthorized charges (cramming) on the consumer's telephone bill.**

**PROFFERING PARTY: Staff**

**I.D. # RAM-1**

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# ***RCP Communications, Inc.***

1420 S. Powerline Road, Pompano Beach, Florida 33069 954-975-6466

May 4, 1998



Mr. Leonard Heigl  
12403 Smokey Drive  
Hudson, FL 34669-2719

Dear Mr. Heigl:

We are in receipt of the complaint you filed with the Florida Public Service Commission against RCP Communications. We apologize for the delay in responding, but due to the FPSC putting the wrong zip code on the envelope, your complaint was only received today, May 4, 1998.

RCP Communications offers members a 40 minute per month prepaid calling card for a \$9.95 per month membership fee, plus discounts on various products and services. Our program is introduced to the customer as part of a direct mail campaign sponsored by an independent direct marketing company. RCP Communications buys only the names of those who responded YES to the offer. I have requested a copy of the response card and will forward it to your attention upon receipt.

In the meantime, our records indicate that Irene Heigl's membership was canceled on March 20, 1998 and a credit issued for the charges incurred.

Very truly yours,

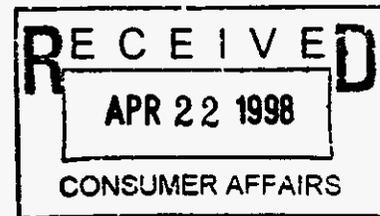
A handwritten signature in cursive script that reads "Arlene Powers".

Arlene Powers  
Regulatory Manager

cc: FPSC ✓

April 20, 1998

Florida Public Service Corporation  
 Division of Consumer Affairs  
 2540 Shumard Oak Boulevard  
 Tallahassee, Florida 32399-0850



In response to the request of your office last Friday when I called to report two months of fraudulent charges on our GTE Telephone Bill concerning ITA (Page No. 5 of the Bills), enclosed are copies of those two months bills.

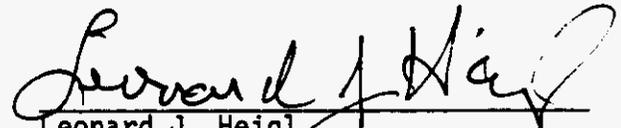
Please be informed that we have a rule in our home that we NEVER talk with any un-solicited callers of any nature, we NEVER purchase ANYTHING by phone, and we NEVER answer any un-solicited sales mail. Consequently, this fraudulent charge CANNOT be by mistake.

I have talked with many of GTE's personnel by phone and asked them to take this fraudulent charge off our bill, and that I feel they will be a part of the fraud if they don't put a stop to this billing. WE DID NOT ORDER THIS - WE DID NOT HAVE GTE PUT THIS ON OUR BILL, therefore, GTE should get this fraudulent charge off our bill for ever. They DO NOT have the right to bill us for something we DID NOT ORDER - DO NOT NEED - DO NOT WANT.

Could you please help us and other people on which this FRAUDULENT charge is being done. We are both over 70 years old and DO NOT need this aggravation!

Sincerely,

  
 Lillie E. McGuire  
 Wife of Leonard J. Heigl  
 12403 Smokey Drive  
 Hudson, Florida 34669-2719  
 (813) 856-9191

  
 Leonard J. Heigl  
 12403 Smokey Drive  
 Hudson, Florida 34669-2719  
 (813) 856-9191

- cc: FCC  
 Common Carrier Bureau  
 Consumer Complaint MS 1600 A 2  
 2025 M Street N.W.  
 Washington, DC 20554
- cc: Florida Economic Crimes Division  
 Office of Attorney General  
 110 S.E. Sixth Street  
 Ft. Lauderdale, FL 33301
- cc: GTE, Florida  
 Attention General Manager  
 Telephone Customer Billing  
 One Tampa Center  
 Tampa, FL 33601
- cc: GTE, Florida  
 Attention General Manager  
 P. O. Box 110  
 Tampa, FL 33601



856-9191

TELEPHONE NUMBER 813 85 191 890114

PAGE 1 OF 6

BILL DATE March 10, 1998

Helpful numbers

**BILLING SUMMARY**

LEONARD J HEIGL

GTE billing questions  
1 800 483-3200

<b>Previous charges</b>	
Amount of last bill	\$ 16.80
Payment received. Thank you.	CR 16.80
Balance	\$ .00

To avoid a 1.5% late payment charge, payment must be received before April 10, 1998.

To order GTE services call  
1 800 483-4200

<b>Current charges</b>	
GTE regulated services	\$ 15.99
GTE non-regulated services	1.00
Other non-regulated charges	10.25
Total current charges	<del>\$ 27.24</del>

Fraudulent

Centro Hispano de GTE  
1 800 PIDA GTE  
1 800 743-2483

Total amount due	\$ 27.24
Due date	April 3, 1998

\$ 27.24

Fraudulent Charge -- See Pg. 5  
Never Ordered This!  
Due

(10.25)

\$ 16.99

Paid 03/20/98 -- Check No. 3393

Please see reverse side for additional information.



TELEPHONE NUMBER 813 85 191 890114

PAGE 5 OF 6

BILL DATE March 10, 1998

For billing questions call 1 800 866-8889

**LONG DISTANCE CALLS**

Billing for ITA



**ITA Non-Regulated Service**

Billing for RCP Comm. Group

**Non-Regulated Calls**

**Miscellaneous Charges and Credits**

Date	Description	Amount
Charges and Credits for 813 856-9191		
1 Feb 16	Calling Card Monthly Service Plan	\$ 9.95
<b>Total</b>		<b>\$ 9.95</b>

For questions concerning your bill, call the number listed at the top of this page. The calls on this page were forwarded by ITA, the clearinghouse agent for RCP Comm. Group.

<b>Taxes and Fees on ITA Non-Regulated Services</b>		Amount
2	Federal excise tax (3.00% of \$9.95)	\$ .30
<b>Total</b>		<b>\$ .30</b>

*ITA non-regulated service charges* \$ 10.25

**Total long distance/ITA** \$ 10.25

We Never Accept Unsolicited calls. We Never Answer Sales (unsolicited) mail -- it goes in the trash. This is a Fraudulent Charge.

← Also wrote on the back of the Payment GTE stub that this is a Fraudulent charge.

3/24/98 2:50 p.m. Miss Crane: Billing Representative.  
 She will take this fraudulent charge off our bill. Said "don't get upset if it is on our bill again next month, I told her "TAKE IT OFF IT IS FRAUDULENT AND PLEASE DON'T LET BE ON OUR BILL AGAIN." ←

Florida Public Service Commission 1-800-342-3552



TELEPHONE NUMBER 813 856-9191 890114

PAGE 1 OF 6

BILL DATE April 10, 1998

Helpful numbers

BILLING SUMMARY

LEONARD J HEIGL

GTE billing questions 1 800 483-3200

<b>Previous charges</b>	
Amount of last bill	\$ 27.24
Payment received. Thank you.	CR 16.99
Amount past due	\$ 10.25

To avoid a 1.5% late payment charge, payment must be received before May 11, 1998.

To order GTE services call 1 800 483-4200

<b>Current charges</b>	
GTE regulated services	\$ 15.99
GTE non-regulated services	1.00
Other non-regulated charges	10.25
Total current charges	\$ 27.24

Fraud Charge Do NOT OWE

Fraud charge - Do NOT OWE

Centro Hispano de GTE 1 800 PIDA GTE 1 800 743-2483

Total amount due	Less 16.99	\$ 37.49
Due date	Equals	May 4, 1998

A PORTION OF THE TOTAL AMOUNT DUE IS PAST DUE. DUE DATE APPLIES TO CURRENT CHARGES ONLY.

16.99 Due

Paid 4/17/98 Check No. 3431

First Talked with Representative - Then called Back and Talked with Supervisor - He Did Not help me But + Asked For Manager - Mr. Farr -- Would Not Give His Full Name.

4/17/98 Manager: But Mrs. Yeager, Tresa Will Take off!

Please see reverse side for additional information.

Vertical handwritten notes on the right margin: "Back Again + Asked Name of Manager - ..."



TELEPHONE NUMBER 813 856-9191 890114

PAGE 5 OF 6

BILL DATE April 10, 1998

For billing questions call 1 800 866-8889

*I did not order this. Never talked with these people-- never communicated in any way with these people. It is a fraud, and GTE has no right to bill me, and neither does any other biz.*

**LONG DISTANCE CALLS**



Billing for ITA  
**ITA Non-Regulated Service**  
 Billing for RCP Comm. Group  
**Non-Regulated Calls**

**Miscellaneous Charges and Credits**

Date	Description	Amount
Charges and Credits for 813 856-9191		
Mar 16	Calling Card Monthly Service Plan	\$ 9.95
<b>Total</b>		<b>\$ 9.95</b>

For questions concerning your bill, call the number listed at the top of this page. The calls on this page were forwarded by ITA, the clearinghouse agent for RCP Comm. Group.

**Taxes and Fees on ITA Non-Regulated Services**

	Amount
Federal excise tax (3.00% of \$9.95)	\$ .30
<b>Total</b>	<b>\$ .30</b>

*ITA non-regulated service charges* \$ 10.25

**Total long distance/ITA** \$ 10.25

*Also wrote on our GTE Payment Stub that this is a fraudulent charge, and never should have been on our bill.*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by United States mail this 8th day of August, 2000 to the following:

AT&T Communications of the  
Southern States, Inc.  
Marsha Rule  
101 North Monroe Street, Suite 700  
Tallahassee, FL 32301-1549

BellSouth Telecommunications, Inc.  
Ms. Nancy B. White  
c/o Nancy H. Sims  
150 South Monroe Street, Suite 400  
Tallahassee, FL 32301-1556

Billing Concepts, Inc.  
W. Audie Long/Donald R. Philbin, Jr.  
7411 John Smith Drive, Suite 200  
San Antonio, TX 78229

Florida Cable Telecommunications  
Assoc., Inc.  
Michael A. Gross  
310 N. Monroe St.  
Tallahassee, FL 32301

Florida Competitive Carriers Assoc.  
c/o McWhirter Law Firm  
Vicki Kaufman  
117 S. Gadsden St.  
Tallahassee, FL 32301

MCI WorldCom  
Ms. Donna C. McNulty  
325 John Knox Road, Suite 105  
Tallahassee, FL 32303-4131

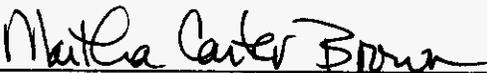
Messer Law Firm  
Floyd Self  
P. O. Box 1876  
Tallahassee, FL 32302

OnePoint Communications  
Edward Marsh  
2201 Waukegan Road, Suite E-200  
Bannockburn, IL 60015

Chester Osheyack  
10410 Zackary Circle, Apt. 28  
Riverview, FL 33569-3994

Spring Communications Company  
Limited Partners  
Charles J. Rehwinkel  
P. O. Box 2214  
Tallahassee, FL 32316-2214

Verizon Select Services, Inc.  
Kimberly Caswell  
P. O. Box 110, FLTC0007  
Tampa, FL 33601-0110

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MARTHA CARTER BROWN