

**STATEMENT OF
CHAIRMAN AJIT PAI**

Re: *8YY Access Charge Reform*, WC Docket No. 18-156.

Unwanted robocalls are the top source of consumer complaints we receive at the FCC. And they aren't just annoying; scammers use robocalls to fleece many unsuspecting Americans out of their hard-earned money.

These scams rightly get a lot of attention. But there's another, less obvious way robocallers have been picking Americans' pockets. It turns out that they are taking advantage of the payment arrangements used to compensate various entities involved in delivering phone calls.

It's a little complicated, but here's how it works. As detailed in an article just this week in *The Wall Street Journal*, robocallers form revenue sharing agreements with phone number dealers.¹ When the robocaller dials a number purchased from the dealer, a caller ID database is queried, which triggers a string of payments. The first payment in the string is made by the telephone company serving the party that is called. A portion of that payment then goes back to the number dealer who finally shares the revenue with . . . you guessed it . . . the robocaller.

So, more robocalls mean more payments to the robocaller. And the called party doesn't have to even answer for the money to change hands. Since these payments are made by the called party's voice provider, its customers—that is, people like you and me—are ultimately paying for the “privilege” of receiving these robocalls. To quote Lucius Best from *The Incredibles*, “that ain't right.”

The 8YY intercarrier compensation system similarly gives robocallers incentives to place calls for the sole purpose of generating originating access revenues. Under our current rules, when a robocaller places a call, the carrier it uses will be compensated for originating the call. And if the carrier has done a backroom deal with the robocaller, then the robocaller profits each and every time it makes a call.

Unfortunately, the record shows that robocallers are abusing the 8YY intercarrier compensation system on a massive scale. One commenter explained that an autodialer may “hit the ‘#’ key every 20 seconds . . . [which can] send an 8YY call into an endless loop, generating minute after minute of originating access charges for the originating local exchange carrier, which has partnered with the caller to share the revenue.”² In the end, these calls are paid for by anyone that operates an 8YY number, such as business or a non-profit like the Red Cross.

This is the latest step in our aggressive strategy against robocallers. To date, that strategy has included the largest fine ever imposed by this agency, updating our rules to address spoofing, encouraging a call authentication standard, and working with other agencies, both here and abroad. Today, we also attack the “silent scam” that is robocallers' abuse of the 8YY intercarrier compensation system. Ultimately, this will mean lower prices for consumers and fewer annoyances in our daily lives.

Thank you to the staff who have diligently prepared today's *Notice*: Pam Arluk, Bill Andrlé, Irina Asoskov, Gregory Capobianco, Victoria Goldberg, Lisa Hone, Dan Kahn, Dick Kwiatkowski, Rhonda Lien, Kris Monteith, Arielle Roth, Michelle Sclater, Doug Sloten, Ann Stevens, and Gil Strobel of the Wireline Competition Bureau; David Sieradzki of the Wireless Telecommunications Bureau; and Valerie Hill, Billy Layton, Rick Mallen, Linda Oliver, and Bill Richardson of the Office of General Counsel.

¹ Sarah Krouse, Robocallers Dial Up Extra Cash, *Wall Street Journal* (June 5, 2018).

² See Verizon Comments at 3-4. See also Somos Reply at 2-3 (explaining that “traffic pumpers” use a variety of methods to prevent calls from being cut off by IVR systems. These methods include using “touchtone sounds that are repeated at intervals . . . [as well as] music, sounds like a cellphone that has accidentally been dialed, or any number of ways to trick the IVR into thinking that there is a live caller on the line. Many of these calls last for ten minutes or more and some up to an hour”).