

DEC 17 1993



FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

December 17, 1993

EX PARTE PRESENTATION

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., #222
Washington, D.C. 20554

Re: CC Docket No. 92-77 -- Billed Party Preference

Dear Mr. Caton:

Yesterday afternoon, Greg Embry, Linda Black and I spoke by telephone with Mark Nadel and Gary Phillips of the Common Carrier Bureau to respond to questions concerning fraudulent calling from prisons as it relates to billed party preference.

The questions primarily concerned so-called "hot-house" operations that accept collect calls from prison inmates without any intention of paying the underlying carrier for the calls. While Sprint acknowledged that the issue was a complex one, it expressed the view that this type of fraud would, on balance, be easier to control in a billed party preference environment than in the current presubscription environment, since all collect calls to the "hot-house" number would be carried by the same interexchange carrier, and thus the interexchange carrier would be better able to detect usage patterns indicative of toll fraud. Of course, if one interexchange carrier were to block collect calls to a suspected "hot-house" number after an unusually large volume, and the fraud perpetrator shifted at that point to another interexchange carrier, the second carrier would not be aware of the calling history that led the first carrier to block service. Sprint suggested that a solution to this problem would be a velocity check in the local exchange carrier's LIDB database, with notification by the LEC to the IXCs whenever an unusually large volume of collect calls is observed. In response to questions concerning call control equipment on customer premises, Sprint stated that it does not customarily provide such equipment at its expense. During the conference call, Sprint stated that it believes most of the fraudulent calls to "hot-houses" originate from prisons, but also pointed out that prison phone fraud was only one of several major categories of toll fraud that exist today.

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An original and one copy of this letter are being filed. Due to the lateness of the telephone call, it was not possible to prepare and file a letter summarizing the conversation on the same day the call took place.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Juhnke".

H. Richard Juhnke
General Attorney

cc: Gary Phillips
Mark Nadel