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COMMUNICATIONS PROFESSIONAL

**AM SOUTH**

January 10, 1994

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Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC Docket 93-292

Dear Mr. Canton:

It was with great interest I read the recent FCC Notice of Proposed Rulemaking concerning Toll Fraud. As a telecommunications professional who is responsible for my company's communications systems, I am encouraged by the proposed rulemaking because even though I have taken each and every protective step recommended by the IXC and CPE vendors to secure my systems, I can still experience toll fraud. It is impossible to secure my system 100% from fraud.

PBX owners should not be responsible for 100% of the toll fraud if we don't control 100% of our destiny. Since our destiny is not controlled by our PBX security precautions, but also by the information, services and equipment provided IXCs, LECs and CPEs, the law should reflect that. It is preposterous to think that the IXCs, LECs and CPEs who all have a very important part in this issue, have absolutely no legal obligations to warn customers and therefore, no real incentive to stop fraud.

CPEs should be required to provide warnings about the risks of toll fraud with their equipment and provide recommended counter methods. It is critical that CPEs ship equipment without default passwords which are well known within the hacker community. Passwords should be created during the installation of the equipment with the customers full knowledge. CPEs should be required to include security-related hardware and software in the price of their systems. When you buy a car, the lock and key are provided in the design and price of the car, not an adjunct that you have to purchase later.

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While the programs offered by IXC's, such as MCI Detect, AT&T NetProtect and Sprint Guard have broken new ground in relation to preventing toll fraud, they still don't do enough. Some of these services are too expensive for smaller companies and the educational information is superficial. Monitoring by the IXC's should be a part of the basic interexchange service offerings, as all companies, large and small, are vulnerable to toll fraud. If the IXC's were monitoring all traffic, there wouldn't be any cases of toll fraud for periods longer than a day.

As hackers begin new methods of breaking in to systems by using local lines instead of 800 numbers, the LEC's should be required to offer monitoring services similar to the IXC's.

I applaud the provisions outlined in the NPRM on shared liability. They are fair and equitable. Shared liability will require clear definitions of the specific responsibilities of the CPE owner to secure their equipment, the manufacturer to adequately warn the customer of the toll fraud risks associated with features of the CPE, and the IXC's and LEC's to offer detection and prevention programs and educational services. If toll fraud occurs and one of the parties should fail to met these responsibilities and prove to be negligent, then they should bear the cost of the fraud. I do not believe any damages should be awarded to the aggrieved parties. Should all parties have met the aforementioned responsibilities. and toll fraud occurs, then liability should be shared equally.

However, shared liability only addresses the symptom of the problem of toll fraud and not the cause.

The root of this insidious crime of toll fraud is the hacker community. As the information highway widens, so do the endless opportunities for hackers to compromise our communication systems. I do not believe it when the hackers state they only 'hack' to gain knowledge. If this were the case, there wouldn't be a toll fraud problem. While it is the hacker who breaks in to the systems and sells the information, it is the call sell operations that truly profit from it.

Until we come up with an adequate method for law enforcement to catch and prosecute these criminals, toll fraud will continue to grow beyond the \$5 billion problem it is today. We must develop legislation that clearly defines and penalizes this criminal activity and gives law enforcement the tools it needs to track and prosecute the perpetrators of toll fraud.

Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,

  
Rosemary Staples  
Regional Telecommunication  
Systems Administrator



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375 Jackson St.  
Box 64949  
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(612) 282-8800  
(612) 282-8666 FAX

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Sincerely,



Susan M. Green  
Technical Analyst



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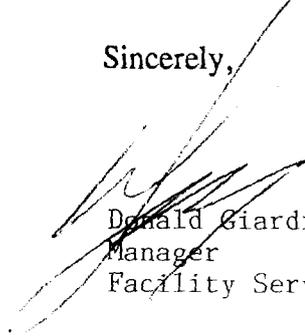
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Sincerely,



Donald Giardino  
Manager  
Facility Services



# The Greeley Medical Clinic, P.C.

January 10, 1994 • Greeley, Colorado 80631 • (303) 353-1551 • FAX (303) 350-2478

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Sincerely,

*Deborah Klugenstein*  
*Telecommunications Mgr.*

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Sincerely,

*Herald J. Liggett*

*Telecommunications Manager  
Brunswick & Fils, Inc.  
75 Virginia Rd.  
N. White Plains, NY 10603*

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JAN 14 1994  
FOO-MAIL ROOM

**The Mid-America Group**

Regency West 4  
4700 Westown Parkway, Suite 303  
West Des Moines, Iowa 50266-6728  
515-224-3600

January 11, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC Docket No. 93-292

Dear Mr. Canton:

I am a telecommunications professional who is responsible for my company's telecommunication systems and I am painfully aware that although I may reduce the risk, no matter how many steps I take to secure my systems, I am still vulnerable to toll fraud. That is why I am so encouraged by the proposed rule making.

PBX owners should not be responsible for 100% of toll fraud if we are not controlling 100% of our destiny. This destiny is ultimately controlled by not only our implementation and proper use of PBX security features but by the information, equipment and services provided by IXCs, LECs and CPE vendors. The legal obligations of the IXCs, LECs and CPE vendors should provide the proper incentive to reduce and eliminate all toll fraud.

Current programs offered by some IXCs (Sprint Guard, MCI Detect, and AT&T Netprotect) and insurance companies are too expensive. Monitoring and proper notification by the IXCs must be a part of the basic interexchange service offerings. This should eliminate cases of toll fraud greater than 24 hours.

LECs must also provide monitoring and proper notification as a part of their basic service offerings. Local lines are as vulnerable to toll fraud. As the line between IXC and LEC becomes fuzzier, monitoring and proper notification by all carriers will be even more applicable.

CPE vendors need to provide telecommunications security as a cost of doing business instead of an opportunity to sell additional products and services. CPE vendors should be required to provide warnings about the risks of toll

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Mr. William F. Canton  
January 11, 1994  
Page 2

fraud, as it specifically relates to their equipment and provide solutions to reduce the risk of toll fraud. All CPE should be delivered without standard default passwords, which are well known to the criminal community. All login IDs, including those used by the vendor, should be disclosed at the time of purchase and at installation. All customer passwords should be changed or created at installation and the customer should receive written assurance that all vendor passwords will meet minimum requirements regarding length, change schedule, and alpha numeric format. CPE vendors should be encouraged to offer security related hardware and software in the price of their systems.

The provisions outlined in the NPRM are fair and equitable. Shared liability will require clearly defining the responsibilities of the:

- CPE owner to secure their equipment
- CPE vendors to warn customers of the specific toll fraud risks associated with their equipment
- IXCs and LECs to offer detection, notification, prevention, and education offerings and services

If toll fraud occurs due to the negligence of one or more parties then the financial loss should be equitably distributed among those negligent parties. If there is no proven negligence the financial loss should be equitably distributed among CPE owner, and all CPE vendor(s), LEC(s) and IXC(s) involved.

Toll fraud is a financially devastating problem that effects the entire telecommunications industry including users, vendors and carriers. I am sure that if we all work together we can and will make a positive impact on this problem.

Sincerely,

MID-AMERICA GROUP, LTD.



Michael R. Oliver  
Telecommunications Manager

MRO/mtp



Comprehensive Healthcare on the Eastern Shore

A non-profit healthcare facility operated by  
Baldwin County Eastern Shore Hospital Board

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Sincerely,



Anthony Guarisco, Jr.  
Director of Communications

ORIGINAL

O'CONNOR CAVANAGH

The Law Offices of  
O'Connor, Cavanagh, Anderson, Westover, Killingsworth & Beshears  
A Professional Association

Reply to Phoenix Office  
RAYMOND S. HEYMAN  
(602) 263-2698  
File No.: 29386-0100

January 13, 1994

VIA FEDERAL EXPRESS

Office of the Secretary  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

RECEIVED  
JAN 14 1994  
FCC MAIL ROOM

Re: In the Matter of Policies and Rules Concerning Toll Fraud, CC 93-292

Dear Office of the Secretary:

Enclosed for filing on January 14, 1994, in the docket captioned above is an original and ten (10) copies of the Arizona Payphone Association's and Nevada Payphone Association's Comments to the FCC's Proposed Rulemaking.

Please stamp the one extra copy as a conformed copy for our records and return it in the self-stamped envelope provided for your convenience.

Your cooperation in this matter would be greatly appreciated and if you have any questions, please do not hesitate to contact me.

Very truly yours,

RAYMOND S. HEYMAN  
For the Firm

RSH:lfe

LFE\NP\FCC.LTR

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079

Phoenix  
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Tucson  
One South Church Avenue, Suite 2200  
Tucson, Arizona 85701-1621  
Telephone 602-882-8912  
Fax 602-624-9564

Sun City  
13250 North Del Webb Blvd., Suite B  
Sun City, Arizona 85351-3053  
Telephone 602-263-2808  
Fax 602-933-3100

Nogales  
1827 North Mastick Way  
Nogales, Arizona 85621  
Telephone 602-761-4215  
Fax 602-761-3505

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FCC93-496

In the Matter of Policies )  
and Rules Concerning Toll ) CC Docket 93-292  
Fraud )  
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**COMMENTS TO THE PROPOSED RULEMAKING**  
**FROM THE**  
**ARIZONA PAYPHONE ASSOCIATION**  
**AND**  
**NEVADA PAYPHONE ASSOCIATION**

The Arizona Payphone Association ("APA") and the Nevada Payphone Association ("NPA"), hereinafter collectively referred to as the "Associations", through undersigned counsel, hereby respectfully submit their Comments to the Proposed Rulemaking in the Matter of Policies and Rules Concerning Toll Fraud, CC Docket No. 93-292 as follows:

The Associations represent the interests of independent payphone providers doing business in the states of Arizona and Nevada, respectively. The Associations serve the public in two of the fastest growing states in the nation. Arizona and Nevada are also two of the states most visited by tourists, who come from all over the world. For many of these people payphones represent the most accessible, convenient and affordable means of telecommunications. For many, payphones provided by the Associations' members are the only form of telecommunications they will use while in these states. Experience has

shown that for those who are inclined to do so, the opportunity to fraudulently make phone calls to any part of the world without paying for them is available. Unfortunately, when a fraudulent call from an independently owned payphone is "successful", it is the independent payphone provider who is the victim -- often without any remedy and even though reasonable steps to prevent fraud were taken.

The Associations welcome the Federal Communications Commission's ("Commission") proposed rulemaking regarding toll fraud. Because this is a problem that spans the country and overflows into international markets, the Associations believe that a uniform and national policy to remedy and compensate the victims of toll fraud, i.e. the independent payphone providers, should be established by the Commission. The current system whereby liability for toll fraud is determined by the tariff provisions of each interexchange carrier ("IXC") for independent payphone providers, and not at all for local exchange carrier-owned payphones is inefficient, inequitable and unfair. Rather than place a strict liability burden on independent payphone providers, as the IXC's do, there should be relief afforded to those independent payphone providers who take reasonable precautionary steps against toll fraud.

The Associations, in the spirit of judicial and administrative economy, hereby join in with the comments submitted this day by the American Public Communications Council and reserve their

. . .

. . .

right to submit reply comments in accordance with the schedule previously set by the Commission.

**RESPECTFULLY SUBMITTED** this fourteenth day of January 1994.

O'CONNOR, CAVANAGH, ANDERSON, WESTOVER,  
KILLINGSWORTH & BESHEARS, P.A.

By Raymond S. Heyman  
Raymond S. Heyman  
One East Camelback Road  
Suite 1100  
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Attorneys for Arizona Payphone  
Association and  
Nevada Payphone Association

LFE\NP\COMMENTS.FCC

**Original** and ten (10) copies of  
the foregoing were Federal Expressed  
this 13th day of January, 1994, to:

Office of the Secretary  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

By: Lucy Estrada

ORIGINAL



**Liberty Diversified Industries**

5600 NORTH HIGHWAY 169 • MINNEAPOLIS, MINNESOTA 55428 • (612) 536-6600

AFFILIATED COMPANIES: LIBERTY CARTON, FIDELITY PRODUCTS, SAFCO PRODUCTS, SHAMROCK INDUSTRIES, VALLEY CRAFT, SOUTHERN DIVERSIFIED

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January 10, 1993

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JAN 14 1994

FCC MAIL ROOM

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

RE: CC Docket 93-292

Dear Mr. Canton:

It was with great interest I read the recent FCC Notice of Proposed Rulemaking concerning Toll Fraud. As a telecommunications professional who is responsible for my company's communications systems, I am encouraged by the proposed rulemaking because even though I have taken each and every protective step recommended by the IXC's and CPE vendors to secure my systems, I can still experience toll fraud. It is impossible to secure my system 100% from fraud.

PBX owners should not be responsible for 100% of the toll fraud if we don't control 100% of our destiny. Since our destiny is not only controlled by our PBX security precautions, but also by the information, services and equipment provided IXCs, LECs and CPEs, the law should reflect that. It is preposterous to think that the IXCs, LECs and CPEs who all have a very important part in this issue, have absolutely no legal obligations to warn customers and therefore, no real incentive to stop fraud.

CPEs should be required to provide warnings about the risks of toll fraud with their equipment and provide recommended counter methods. It is critical that CPEs ship equipment without default passwords which are well known within the hacker community. Passwords should be created during the installation of the equipment with the customers full knowledge. CPEs should be required to include security-related hardware and software in the price of their systems. When you buy a car, the lock and key are provided in the design and price of the car. Not an adjunct that you have to purchase later.

While the programs offered by IXCs, such as MCI Detect, AT&T NetProtect and Sprint Guard have broken new ground in relation to preventing toll fraud, they still don't do enough. Some of these services are too expensive for smaller companies and the educational information is superficial. Monitoring by the IXCs should be a part of the basic interexchange service offerings, as all companies, large and small, are vulnerable to toll fraud. If the IXCs were monitoring all traffic, there wouldn't be any cases of toll fraud for periods longer than a day.

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List A B C D E

*Orig*

As hackers begin new methods of breaking in to systems by using local lines instead of 800 numbers, the LECs should be required to offer monitoring services similar to the IXCs.

I applaud the provisions outlined in the NPRM on shared liability. They are fair and equitable. Shared liability will require clear definitions of the specific responsibilities of the CPE owner to secure their equipment, the manufacturer to adequately warn the customer of the toll fraud risks associated with features of the CPE, and the IXCs and LECs to offer detection and prevention programs and educational services. If toll fraud occurs and one of the parties should fail to meet these responsibilities and prove to be negligent, then they should bear the cost of the fraud. I do not believe any damages should be awarded to the aggrieved parties. Should all parties have met the aforementioned responsibilities, and toll fraud occurs, then liability should be shared equally.

However, shared liability only addresses the symptom of the problem of toll fraud and not the cause.

The root of this insidious crime of toll fraud is the hacker community. As the information highway widens, so do the endless opportunities for hackers to compromise our communication systems. I do not believe it when the hackers state they only 'hack' to gain knowledge. If this were the case, there wouldn't be a toll fraud problem. While it is the hacker who breaks in to the systems and sells the information, it is the call sell operations that truly profit from it.

Until we come up with an adequate method for law enforcement to catch and prosecute these criminals, toll fraud will continue to grow beyond the \$5 billion problem it is today. We must develop legislation that clearly defines and penalizes this criminal activity and gives law enforcement the tools it needs to track and prosecute the perpetrators of toll fraud.

Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,

*Staci Mayerchak*  
*telecoms coordinator*

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LTV Steel Company

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JAN 14 1994

January 10, 1993

FCC MAIL ROOM

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Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

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However, shared liability only addresses the symptom of the problem of toll fraud and not the cause.

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Toll fraud is an illegal, fraudulent theft of service. I am encouraged that if we all work together we can make a positive impact on this terrible problem.

Sincerely,



Sheryl Reifschneider  
LIV Steel Company  
Technology Center  
6801 Brecksville Road  
Independence, OH 44131  
(216) 642-7224

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January 11, 1994

Mr. William F. Canton  
Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, DC 20554

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JAN 14 1994

FCC MAIL ROOM

Re: CC Docket no. 93-292

Dear Mr. Canton:

I am a telecommunications professional who is responsible for my company's telecommunication systems and I am painfully aware that although I may reduce the risk, no matter how many steps I take to secure my systems, I am still vulnerable to toll fraud. That is why I am so encouraged by the proposed rule making.

PBX owners should not be responsible for 100% of toll fraud if we are not controlling 100% of our destiny. This destiny is ultimately controlled by not only our implementation and proper use of PBX security features but by the information, equipment and services provided by IXCs, LECs and CPE vendors. The legal obligations of the IXCs, LECs and CPE vendors should provide the proper incentive to reduce and eliminate all toll fraud.

Current programs offered by some IXCs (Sprint Guard™, MCI Detect™, and AT&T Netprotect™) and insurance companies are too expensive. Monitoring and proper notification by the IXCs must be a part of the basic interexchange service offerings. This should eliminate cases of toll fraud greater than 24 hours.

LECs must also provide monitoring and proper notification as a part of their basic service offerings. Local lines are as vulnerable to toll fraud. As the line between IXC and LEC becomes fuzzier, monitoring and proper notification by all carriers will be even more applicable.

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CPE vendors need to provide telecommunications security as a cost of doing business instead of an opportunity to sell additional products and services. CPE vendors should be required to provide warnings about the risks of toll fraud, as it specifically relates to their equipment and provide solutions to reduce the risk of toll fraud. All CPE should be delivered without standard default passwords, which are well known to the criminal community. All login IDs, including those used by the vendor, should be disclosed at the time of purchase and at installation. All customer passwords should be changed or created at installation and the customer should receive written assurance that all vendor passwords will meet minimum requirements regarding length, change schedule, and alpha numeric format. CPE vendors should be encouraged to offer security related hardware and software in the price of their systems.

The provisions outlined in the NPRM are fair and equitable. Shared liability will require clearly defining the responsibilities of the;

- CPE owner to secure their equipment
- CPE vendors to warn customers of the specific toll fraud risks associated with their equipment
- IXC's and LEC's to offer detection, notification, prevention, and education offerings and services

If toll fraud occurs due to the negligence of one or more parties then the financial loss should be equitably distributed among those negligent parties. If there is no proven negligence the financial loss should be equitably distributed among CPE owner, and all CPE vendor(s), LEC(s) and IXC(s) involved.

Toll Fraud is a financially devastating problem that affects the entire telecommunications industry including users, vendors and carriers. I am sure, that if we all work together we can and will make a positive impact on this problem.

Sincerely,

*Joan Mc Carthy*  
AIL SYSTEMS INC

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# KANSAS TURNPIKE AUTHORITY

9401 EAST KELLOGG WICHITA, KANSAS 67207-1804 (316) 682-4537  
FAX (316) 682-1201

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January 10, 1994

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Acting Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20554

FCC MAIL ROOM

RE: CC Docket 93-292

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NICK M. BADWEY, Chairman  
El Dorado

REP. REX CROWELL, Secretary-Treasurer  
Longton

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Salina

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