Celia Nogales
Federal Regulatory Relations

1275 Pennsylvania Avenue
Washington, D.C. 20004
(202) 383-6423

PACIFIC TELESIS
Group Washington

RECEIVED

FEB 10 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 10, 1994

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 93-292*

On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "*Reply Comments*" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Celia Nogales

Enclosures

No. of Copies rec'd 0+5
List ABCDE

RECEIVED

FEB 10 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

In the Matter of	)	
	)	
Policies and Rules Concerning Toll Fraud	)	CC Docket No. 93-292
	)	

REPLY COMMENTS OF PACIFIC BELL AND NEVADA BELL

Hundreds of parties, representing all players in the telecommunications industry, filed comments in this proceeding. While parties had very different views as to the responsibilities and liabilities relating to toll fraud, there was a broad consensus among many groups that liability should only be placed on those who have the ability to control the fraud.[1] When liability attaches to the entity with the ability to control the fraud, appropriate incentives are present to stimulate fraud prevention efforts.

Some companies suggested various "technical" solutions, such as international direct dial blocking to all customers and ANI II digits,[2] that could be implemented to, in their view, minimize fraud. The Commission should exercise caution when reviewing these proposals, since the toll fraud perpetrators change technology as quickly as the technical

---

[1] See, for example, Ericcson, p. 5; MCI, p. 1; TRA, p. 5; Wiltel, p. 1; Sprint, p. 7; SWB, p. 3.

[2] See, for example, Pa PUC, pp. 5-6; NATA, p. 16; ICA, pp. 12-13.

"solutions" are put in place. Therefore, a mandated technical solution may not solve anything. In addition, such "solutions" are quite costly for a LEC to procure, install, and implement. The burden of providing these features should not be on the LEC simply because the LEC is the first point in the network. Rather, those features should be paid for by the entities benefitting from them.

One misconception that runs through many of the comments relates to existing fraud control measures such as LIDB and Originating Line Screening ("OLS"). These efforts do not defeat fraud; they are simply tools to help carriers in fighting fraudulent telecommunications activities. As tools, they allow the subscribing carriers to either take additional action or make decisions with respect to handling that particular call. LIDB, for example, simply verifies to a LIDB customer that the call is being billed to a valid account at the present time. We agree with GTE (p. 16) that LIDB is quite unlike a commercial credit card validation service. The future paying potential of the end user is unknown. And, since a LIDB query is done at the beginning of a call, we have no idea of the duration or ultimate toll charges for that call. Further, if the Commission were to interpret these "tools" as somehow a LEC guarantee for all alternately billed calls, the interexchange carriers' incentive to detect fraud in their own network would disappear. Clearly, this is not a desired effect.

Various parties have suggested that the LEC make available international direct dial blocking as well as 809 area

code specific blocking.[3] Any blocking mechanism that is developed, however, for direct dialing (1+ number), can be dialed around using 0 or 00. Since this is the case, the Commission should closely examine whether blocking requirements would in fact deter fraudulent calling. Further, the ability to block specific types of calls or calls to a particular location is present in many existing phone systems and need simply to be activated. They are present in our Centrex product, and they are present in most sophisticated PBXs (which are the ones normally subjected to fraud). Since these features are expensive to implement network-wide, the Commission should allow the marketplace to control access. Customers who want this sort of blocking can purchase it in their telecommunications systems. No redundant abilities need to be implemented in LEC central offices.

ICIC has suggested that rather than giving calling and called numbers in a LIDB query, simply giving NPA-NXX should be sufficient.[4] While this may have been true in the old days when fraud control consisted entirely of threshold limits, such non-specific information as NPA-NXX is completely insufficient in an environment with sophisticated fraud detection systems

---

[3] APCC, pp. 19-20; ICA, p. 12; NATA, p. 16; Fla Pay Telephone Assn., p. 12; IPANY, pp. 17-18. Also, TCA has argued that the prefix "1" should be kept as a "toll" call indicator. While this would undoubtedly satisfy TCA's constituents, it is contrary to the recommendation of the North American Numbering Plan Administrator, and contrary to Pacific's ongoing, and almost completed, efforts for Statewide Uniform Dialing in California.

[4] ICIC, p. 15.

such as Pacific Bell's Sleuth. While MCI and others have claimed that they do not want to give this calling and called number for use due to marketing concerns, Pacific, at the least, has always been willing to limit the exposure of that information simply to our LIDB response management and fraud investigation team.

Various customer-owned pay telephone industry participants have strongly endorsed the Florida approach.[5] While Pacific agrees that OLS and BNS are helpful as tools to minimize alternate billing fraud from pay telephones, as we explained in our comments, they are not foolproof. In order to make OLS more effective, the Commission should direct all carriers and operator service providers to be able to receive and interpret OLS data. With respect to statements of APCC (p. 10) that the LECs should prescreen bills to COPT providers when OLS has failed due to a LEC network problem, we currently do prescreen the bills to our COPT providers, and remove these types of calls. No intraLATA fraud is billed to a COPT provider from Pacific Bell.

Therefore, the Commission should carefully consider "solutions" to toll fraud. Many of the proposals by commentors will not effectively control fraud. As a general matter, parties who can prevent the fraud should be held liable when they have not taken appropriate steps. For remote access fraud, the end user customer whose on-premises equipment is compromised

---

[5] Fla Pay Telephone Assn., p. 3; NJ Payphone Assn., p. 2; Pinellas County, Fla, p. 8; APCC, p. 15.

is the entity who can best prevent fraud. If the failure were to occur within the Pacific Bell network, then Pacific Bell would pay for the loss. For failures in others' networks, those carriers should suffer the loss.

Respectfully submitted,

PACIFIC BELL
NEVADA BELL

JAMES P. TUTHILL
NANCY C. WOOLF

140 New Montgomery St., Rm. 1523
San Francisco, California 94105
(415) 542-7657

JAMES L. WURTZ

1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 383-6472

Their Attorneys

Date: February 10, 1994

CERTIFICATE OF SERVICE

I, S. B. Ard, hereby certify that copies of the foregoing "REPLY COMMENTS OF PACIFIC BELL AND NEVADA BELL", re CC Docket 93-292, were served by hand or by first-class United States mail, postage prepaid, upon the parties appearing on the attached Service List this 10th day of February, 1994.

By: _____
S. B. Ard

Pacific Bell
140 New Montgomery St.
San Francisco, CA 94105

Dkt 93-292

SERVICE LIST
Dkt. No. 93-292

William F. Caton *
Acting Secretary
Federal Communications Commission
1919 M St., N.W., Rm. 222
Washington, D.C. 20554

International Transcription Service *
1919 M St., N.W., Rm. 246
Washington, D.C. 20554

Reed Hundt *
Chairman
Federal Communications Commission
1919 M St., N.W., Rm. 814
Washington, D.C. 20554

James H. Quello *
Commissioner
Federal Communications Commission
1919 M St., N.W., Rm. 802
Washington, D.C. 20554

Andrew C. Barrett *
Commissioner
Federal Communications Commission
1919 M St., N.W., Rm. 826
Washington, D.C. 20554

Ervin S. Duggan *
Commissioner
Federal Communications Commission
1919 M St., N.W., Rm. 832
Washington, D. C. 20554

Kathleen B. Levitz *
Acting Chief, Common Carrier Bureau
Federal Communications Commission
1919 M St., N.W., Rm. 500
Washington, D.C. 20554

Linda Dubroof *
Common Carrier Bureau
Federal Communications Commission
1919 M St., N.W., Rm. 6008
Washington, D.C. 20554

* Service by Hand