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Federal Communications Commission
Washington, D.C. 20554

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December 13, 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. Perrin D. Thomson
Treasurer
SouthWood Corporation
4700 Westinghouse Boulevard
Post Office Box 410888
Charlotte, North Carolina 28241-0888

Dear Mr. Thomson:

This letter responds to your correspondence to the Commission regarding charges on your SouthWood Corporation's telephone bill and relating to information services provided on 800 numbers. Your letter has been referred to the Enforcement Division of the Common Carrier Bureau for review. The Enforcement Division will communicate with you upon completion of its review.

The Telephone Disclosure and Dispute Resolution Act (TDDRA) was enacted by Congress in 1992 and required both the Federal Communications Commission and the Federal Trade Commission (FTC) to adopt rules governing the provision of pay-per-call services. Under the TDDRA, the FCC has jurisdiction over the telecommunications carriers involved in the transmission and billing of the telephone calls, while the Federal Trade Commission has jurisdiction over the information service companies themselves.

The TDDRA generally required pay-per-call services to be provided on 900 telephone numbers and generally prohibited the provision of these services on 800 numbers, except in instances where the caller has entered into a presubscription agreement or comparable arrangement with the information service provider. Pursuant to the Commission's rules, which became effective on September 24, 1993, a presubscription agreement entails a formal contractual understanding whereby the consumer is provided clearly and conspicuously all terms and conditions associated with the use of the service and affirmatively agrees to abide by them.

The Commission has received numerous complaints similar to those described by your constituent. These complaints are processed by the Enforcement Division of the Common Carrier Bureau by serving a copy of the complaint upon the telecommunication carriers involved, who must generally respond in writing within 30 days. Beyond reviewing these

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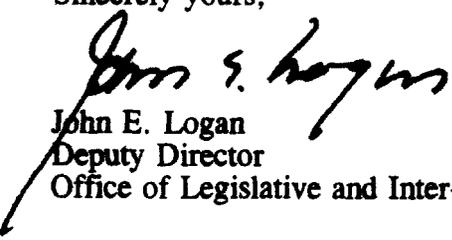
Mr. Perrin D. Thomson
Page 2

complaints and pursuing appropriate action to resolve them, the Commission has undertaken several efforts. First, Common Carrier Bureau staff has met with the carriers that provide the billing service for calls to 800 numbers as well as interexchange carriers who provide the 800 number transport to emphasize their obligations under the TDDRA and the rules of the Commission. Secondly, because the increase in the number of complaints has been so significant, we have started an investigation of these practices, with special focus on whether any companies have attempted to evade or violate our rules. Additionally, as part of the effort to make clear the carriers' responsibilities under the law, the Common Carrier Bureau has recently issued a ruling holding that the information provider's receipt of the originating telephone number, a practice that was serving as the premise of some charges, does not in itself constitute a presubscription agreement.

Moreover, on August 2, 1994, the Commission instituted a Notice of Proposed Rulemaking seeking to strengthen Commission rules to prevent abusive and unlawful practices under the TDDRA. Specifically, the Commission has sought public comment on a proposal to require that a presubscription agreement be established only with a legally competent individual and executed in writing, and that common carriers obtain evidence of the written agreement before issuing a telephone bill that contains charges for presubscribed information services. Under the proposed rules, these telephone bills could be addressed only to the individual who actually entered into the presubscription arrangement, not to the person or company whose telephone was used to place the call. The Commission has tentatively concluded that this and other proposed changes would significantly assist in eliminating the source of many consumer complaints. Enclosed is a summary of the Commission's action in this regard.

We appreciate receiving your correspondence. Please call upon us if we can provide any additional information.

Sincerely yours,


John E. Logan
Deputy Director
Office of Legislative and Inter-governmental Affairs

Enclosure



139410

1994 JUL 25 AM 10:35
July 20, 1994

Federal Communications Commission
Informal Complaints Branch
2025 M Street NW
Washington, DC 20554

Gentlemen:

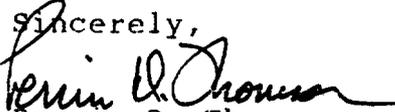
Within the past year, our company has received billings through our local telephone service provider for calls made to "800" numbers. In most cases these charges have been at rates of \$4.00 to \$5.00 per minute. We have made complaints on each with the carrier, and in every instance the charges are withdrawn, but it is an increasing nuisance to accomplish this.

We are a small company with ten telephone trunk lines and access is generally available to our employees and/or visitors. We have blocked access to "900" numbers, but many of our vendors have "800" numbers and it is not practical to eliminate access to "800" numbers. It is also not economically feasible to monitor calls to the extent necessary to prevent such calls.ese numbers.

I would urge the Commission to take whatever steps are necessary to eliminate charges from "800" numbers being billed back to the source of the call. There must be thousands of companies, like ours, who are being subjected to the nuisance and/or expense of firms which use these type of "800" numbers.

Thank you.

Sincerely,


Perrin D. Thomson
Treasurer

cc: Hon. J. Alex McMillan, U.S House of Representatives
Hon. Jesse Helms, U.S. Senate
Hon. Lauch Faircloth, U.S. Senate