

ATTACHMENT 1

Copy Of Coin Sent-Paid Educational Card

TO MAKE A RELAY COIN CALL

1. CALL YOUR RELAY (TRS) NUMBER
2. GIVE NUMBER YOU WANT TO CALL
3. FOR LONG DISTANCE, GIVE CALLING CARD OR PREPAID CARD NUMBER

- * Local calls are **FREE**
- * Calling Card calls cost no more than if you paid with coins
- * Prepaid Card rates vary with Providers
Check with your Card Provider about their rates

COIN TELEPHONE RELAY CALLS



RELAY TTY # _____
RELAY VOICE # _____

ATTACHMENT 2

Press Releases Of FTC Actions Against PrePaid Calling Card Abuses

For Release: April 6, 2001

Court Order Bars Defendants from "Cramming" Prepaid Calling Card Charges onto Consumers' Phone Bills

Requires Proper Disclosure of All Information Related to Telephone Billing Transactions

The Federal Trade Commission today announced a stipulated final judgment and order against an Ohio-based marketer of prepaid calling cards, settling charges that the company "crammed" recurring payments for the cards onto consumers' telephone bills without their consent. Through the order, T2U Co., Inc. ("T2U," formerly doing business as RCP Communications) and its principal Richard C. Peplin Jr. would be barred from a variety of deceptive "telephone billing" transactions, including making false representations about their authority to charge for -- and consumer's obligation to pay for -- any product that consumers did not agree to purchase. The defendants also would be required to specify how consumers will be billed, what the service will cost, whether the billing will be recurrent and how any recurring charges can be cancelled. In addition, they would be subject to a suspended financial judgment of \$3.2 million.

"Cramming is a pervasive problem," said Jodie Bernstein, Director of FTC's Bureau of Consumer Protection. "The best advice for consumers is to go over their phone bills with a fine-tooth comb before they pay, and challenge any charges they don't recognize or understand."

According to the Commission's complaint, T2U and Peplin violated the FTC Act through business practices associated with the marketing, sales and billing for prepaid calling cards. The FTC alleges that in many instances the defendants placed charges on consumers' telephone bills for prepaid phone cards that consumers had not ordered or agreed to purchase. According to the FTC, the defendants also failed to mail consumers a phone card for several months, and when the card did arrive consumers discovered that while they had been billed for two or three months of service, the card had already expired and could not be used. Before the card arrived, many consumers had no idea they were being charged for its use.

The stipulated judgment and order covers the advertising and sale of prepaid phone cards - T2U's principal business - as well as any other "telephone-billed" transaction. Under its terms, the defendants would be prohibited from making any misrepresentations regarding their business practices, including: 1) that consumers are obligated to pay for any product or service that they did not purchase; and 2) that the charges for such product or service have been authorized.

Further, the order would prevent the defendants from using solicitation materials in any telephone-billed transaction that fail to clearly and conspicuously disclose - before consumers are billed - the following material terms and conditions of a sale: 1) the cost of the product or service; 2) the amount of any recurring charge; 3) how a recurring charge will be billed; 4) any limitations on the use of a product or service, such as an expiration time for a prepaid phone card; and 5) how a consumer can cancel any recurring charge.

The defendants also would be barred from billing consumers before delivering any product or service whose time or value expires within the billing period. For any other product or service whose time or value does not expire within the billing period, the defendants would be enjoined from failing to disclose that the cost for such product or service will be billed to the consumer's telephone number prior to delivery. In addition, the defendants would be required to get a consumer's express authorization for any telephone-billed transactions.

The order also calls for a \$3.2 million judgment against the defendants, which approximates the amount that they defrauded from consumers and have not paid back. However, the judgment would be suspended due to the defendants' financial condition. If the Commission determines in the future, however, that any defendant made false statements or omissions concerning its financial condition, the FTC could seek to obtain the full amount of the judgment.

Finally, the order contains several record-keeping and monitoring provisions designed to ensure the defendants' compliance with its terms.

The Commission vote to authorize staff to file the complaint and stipulated final judgment was 5-0. The complaint and stipulated final judgment were filed in the United States District Court for the Northern District of Ohio, Eastern Division on April 4, 2001. The civil action number for this matter is 101-CV-811

NOTE: This stipulated final judgment is for settlement purposes only and does not constitute an admission by the defendants of a law violation. Consent judgments have the force of law when signed by the judge.

Copies of the complaint and stipulated final judgment are available from the FTC's Web site at <http://www.ftc.gov> and also from the FTC's Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, 1-877-FTC-HELP (1-877-382-4357), or use the complaint form. The FTC enters Internet, telemarketing and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

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(FTC File No. 982-3628)
(T2U.final.WPD)

Related Documents:
Cramming: Mystery Phone Charges

Buying Time: The Facts About Pre-Paid Phone Cards

FTC v. T2U Co., Inc., et al. (United States District Court Northern District of Ohio Eastern Division)

Complaint [PDF 13K]
Stipulated Final Judgement [PDF 28K]

SELLER OF PREPAID PHONE CARDS SETTLES CHARGES WITH FTC AND NEW
YORK STATE ATTORNEY GENERAL

One Million Dollar Performance Bond Required Before Defendant Can Market Prepaid
Phone Cards In The Future

A seller of prepaid phone cards has agreed to settle the Federal Trade Commission's and the New York State Attorney General's charges of deception in the advertising and sale of prepaid phone cards. According to the Commission, Rajesh Kalra, through his corporations, Trans-Asian Communications, Inc., Raj Telekom, Inc., and TransAmerican Systems, Inc., operating in New York City, attracted consumers with promises of prepaid phone cards at extremely low rates. Consumers, however, often never received their prepaid cards or could not get through to designated access numbers, the FTC alleged in a complaint filed on August 7, 1997 in federal district court. In addition, according to the complaint, many of the cards' personal identification numbers ("PINS") did not work or stopped working before the card's value was depleted. In other instances, the FTC alleged, the card's value was reduced too quickly. The proposed settlement announced today would prohibit the defendants from making any misrepresentations; requires a \$1,000,000 performance bond before Kalra can market prepaid phone cards; requires a \$40,000 payment; and imposes a \$1 million judgment if he is found to have misrepresented any material financial information provided as a basis for the settlement. Prepaid phone cards embody a right to exchange the card's monetary value for telephone calling time, often at specified rates. According to the FTC, some prepaid phone cards are issued by long distance carriers. Others are issued by companies that purchase long distance minutes at volume-discounted rates, either from long distance carriers or from other companies that have purchased volume-discounted minutes from the long distance carriers. Prepaid phone cards have been used abroad since the mid-1970s and were introduced in the United States in 1992. According to the industry's trade association, International Telecard Association, they have undergone astounding sales growth, from 15 million cards sold in 1993 to 200 million cards in 1995 to a projected 500 million cards in the year 2000. Corresponding dollar sales are \$75 million in 1993, \$1 billion in 1995, and a projected \$4 billion in 2000.

Trans-Asian/Raj Telekom targeted their prepaid phone cards to members of the Indian-American community. Through advertisements in Indian newspapers published in the U.S., its home page on the World Wide Web, and promotional displays in retail outlets, Trans-Asian and its codefendants attracted purchasers with the promise of prepaid phone cards enabling users to call India and neighboring countries from anywhere in the U.S. at any hour of the day or night at extremely low rates. Most consumers purchased phone cards in \$100 and greater denominations, the FTC said.

According to the FTC and the NYS Attorney General's complaint, when a consumer inquired about the purchase of prepaid phone cards, the defendants' representatives reiterated the advertised claims of inexpensive minutes of calling time to India. The purchasers were told that the value of the card would be reduced only for calls made and

at promised per-minute rates and were told to send a check to the company for the total cost of the card. The complaint alleges that consumers who called to obtain their cards were often put off for days or weeks with various excuses, despite the fact that their checks had cleared. In many cases, consumers or distributors received no benefit of their purchase because no cards were ever issued to them or the cards issued did not function. In other instances, consumers or distributors received cards that functioned initially, but inexplicably ceased to function after a short period of usage. Still other consumers were unable to ever reach the companies' toll free access numbers to ask about delivery of their cards.

The proposed settlement would prohibit Kalra from advertising or selling prepaid phone cards or related products or services unless he first obtains a performance bond in the principal sum of \$1,000,000. If he does participate in this business again, he and his corporations would be prohibited from misrepresenting that (1) consumers or distributors of their prepaid phone cards will promptly receive cards or personal identification numbers and toll free access numbers immediately after they are paid; (2) Kalra's prepaid phone cards or PINS will be reduced in value for minutes of calling time only commencing after the party called answers the phone and until either party to the call hangs up or is disconnected; (3) Kalra's prepaid phone cards or PINs will be reduced in value only at the advertised per minute rates; and (4) he will, within a reasonable time after request, provide dissatisfied consumers or distributors with refunds or with viable replacement prepaid phone cards in exchange for nonfunctioning prepaid phone cards. The defendants also must pay \$40,000. The settlement further would establish \$1,000,000 as the total amount they would be liable for should the Commission or the Attorney General's office determine it necessary to reopen the case and the Court finds that there was false or omitted material information in defendants' financial statements. The proposed settlement also contains record keeping and other compliance requirements. A free FTC brochure for consumers, titled "Buying Time: The Facts About Pre-Paid Phone Cards," provides information about consumers' rights and gives consumers tips on how to avoid scams.

Before purchasing a prepaid phone card, consumers should:

Ask if the retailer will stand behind the card if the telephone service is unsatisfactory. Look for the rate for domestic and international calls on the card's package or on the vending machine. These rates may vary depending on where you call. If you can't find the rate, call the card's customer service number.

The prepaid phone card industry is highly competitive. Beware of very low rates, particularly for international calls. They may indicate poor customer service.

Look for disclosures about surcharges, monthly fees, or per-call access.

Check on expiration dates.

Look for disclosures about surcharges, monthly fees, or per-call access.

Be sure the card comes with instructions that you can understand.

Make sure the card comes in a sealed envelope or has a sticker covering the PIN.

The FTC and the Office of New York State Attorney General filed the settlement in the U.S. District Court for the Southern District of New York on March 17, 1998. It is subject to the approval of the judge. The Commission vote to file the settlement was 5-0.

NOTE: The Stipulated Final Judgment and Order for Permanent Injunction is for settlement purposes only and does not constitute an admission by the defendants of a law violation. Judgments have the force of law when signed by the judge.

Copies of the judgment and the FTC brochure, titled "Buying Time: The Facts About Pre-Paid Phone Cards," are available from the FTC's Consumer Response Center, Room 130, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580; 202-326-3128; TTY for the hearing impaired 202-326-2502. To find out the latest news as it is announced, call the FTC NewsPhone recording at 202-326-2710. FTC news releases and other materials also are available on the Internet at the FTC's World Wide Web site at:

<http://www.ftc.gov>

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ATTACHMENT 3

Copy of Consumer Education Letter

COIN TELEPHONE RELAY CALLS

Dear Relay User:

A plan is in place that can help you, and others that you may know, make a relay call from a coin telephone. This plan first began on November 24, 1995 and covers local and long distance calls. It has two major parts:

1. Local Calls - You can make local calls from any coin telephone through Telecommunications Relay Service (TRS) and that call will be free to you.
2. Long Distance Calls - You can make long distance calls from any coin telephone through TRS by charging the call to your calling card. Your call will cost no more than the same long distance call would have cost using coins. Prepaid cards may also be used for long distance calls. Please note that charges for prepaid cards may vary among providers and therefore may differ from coin rates. If using prepaid cards, check with the provider about their rates.

The plan was issued by the Federal Communications Commission and was developed by local and long distance telephone companies, TRS providers, independent payphone service providers and organizations representing people who are deaf or have hearing or speech disabilities. TRS facilitates personal and business calls for people who require special telecommunications equipment, like a text telephone (TTY), and people who use conventional voice telephones. This service is in operation 24 hours a day, seven days a week. The phone number for your relay service can be found in the Customer Guide pages of your local telephone directory.

If you want information about obtaining a telephone calling card or prepaid card, please call your TRS provider, the business office of your local telephone company, your long distance carrier, or, if available, a center for individuals with special needs. The TTY and voice numbers for these offices or service can be found in the Customer Guide pages of your local telephone company directory.

Prepared by: The Telecommunications Relay Industry

ATTACHMENT 4

Press Account Of Disposable Wireless Phone.

March 8, 2001, Thursday, Home Edition

SECTION: Tech Times; Part T; Page 1; Financial Desk

LENGTH: 802 words

HEADLINE: DAVE WILSON;

NEW ORIGAMI TRICK: TURN PAPER INTO A FUNCTIONAL PHONE

BYLINE: Dave Wilson

Imagine a cheap, light computer made largely of paper. Imagine complicated electronic circuits woven into fabric that could easily monitor a hospital patient's condition. Imagine a profound change in the design of electronic gizmos, which might soon be freed from the tyranny of the circuit board and the silicon chip.

That's a lot to ask from one little invention. But a new cellular phone, which could be available to consumers before the end of the year, holds such promise.

I recently held a working prototype of the new phone--about the size of a credit card--and listened to the ringing at the other end, marveling at the quality of the audio transmitted through the combination earpiece and microphone. And when my call was done, I unwrapped one of the phones like a roll of toilet tissue to examine its unusual innards.

This amazing piece of technology, which I tested while huddled against the elements at a train station in New Jersey, is made largely of paper. As a result, it's incredibly cheap. You'll be able to buy one for maybe 10 bucks, and it will come with 60 minutes of air time. When that time runs out, you can throw it away, or just punch a button to add another 60 minutes of time.

Basically, this is a calling card with a telephone built in. And the technological advances it's based on--22 patents have been awarded to its developers--are going to have a dramatic impact on many things we take for granted.

The phone, conceived by Randice-Lisa Altschul, relies on a technique that allows a standard electronic circuit to be literally printed on material using magnetic ink. The breakthrough lies in then using the lengthy, flexible circuit to form the body of the phone by folding it in on itself like an accordion.

The current version has one small circuit board at its core with two traditional computer chips. The second generation will have one chip, and the third generation won't have any chips. Chips contain transistors, and the engineers helping Altschul said they can print the transistors on paper and then stack pieces to create the equivalent of a chip using remarkably different materials.

Altschul said she's already got worldwide orders for 100 million of the devices and three factories standing by as soon as she receives approval for the device from the Federal Communications Commission. It's a fairly routine assessment guaranteeing things such as the device won't unduly interfere with other technology.

Generally, the people designing and making consumer electronic devices are focused on making things such as computers and cell phones more rugged, thus able to stand up to the abuse we put them all through. Altschul's phone flips that equation around.

Driving down the highway one day five years ago, Altschul, talking on her cell phone, lost her connection and became so angry that she wanted to heave the device out the window. She didn't because the phone was too expensive.

Her epiphany struck her during the drive: Why can't a cell phone be so cheap that people won't have to worry about losing it or breaking it? You can keep one in the glove compartment, give one to an irresponsible child, pick up one at the supermarket checkout line if you realize you've left your own phone at home.

You're probably thinking that Altschul is some hotshot electronic engineer. In fact, at age 40, she's spent the last 15 years developing children's games, often board games licensed to hit TV shows. Having conceived of the idea of a disposable cell phone, she hired a team of engineers to implement her vision.

The result is startlingly functional and very probably will spell the death of pay phones.

That's the kind of change new technology imposes. In fact, the implications of this new design aren't at all clear yet. For instance, these phones are pretty much untraceable, like a call from a pay phone. That's great if you're concerned about privacy but bad if you're worried that bad guys will use stuff such as this to make it harder for law enforcement to catch them.

The only negative feedback Altschul said she's gotten is from people who worry that the world has gotten too disposable.

"I can't change what society is. We are a disposable society. Life is what it is," she said. "I didn't wake up one day and say, 'What can I do to help destroy the planet?'"

While we were talking in the train station, a man who watched me take the phone apart there in the terminal eagerly asked when he could buy one. When told it would be months, he was crestfallen. "I really want one to keep with my wallet."

I'm guessing there's hundreds of millions of other people who feel the same way.

GRAPHIC: PHOTO: The paper phone, when folded, is about the size of a credit card.

PHOTOGRAPHER: DAVE WILSON / Los Angeles Times