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Rocky Mountain Poll

NEWS RELEASE
RMP 2002-I-01

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PUBLIC NOT AMUSED BY QWEST STRATEGY
ON USE OF PRIVATE CUSTOMER INFORMATION

Phoenix, Arizona, January 21, 2002. Ninety-four percent of Arizona telephone consumers believe Qwest should be required to get their permission before selling their customer records to third parties. Only 3.7 percent believe the company was on the right track when it announced it would do so unless customers took the initiative to contact the company and object within a specific period of time. The 94 to four percent reading is the most lopsided poll result we have registered in more than three decades and underscores growing consumer concerns about information privacy in today's modern telecommunications environment.

Qwest says that it only plans to share customer data with other "affiliated" companies but lists exceptions to their general plan such as when it sells a business or when it is "commercially reasonable to do so."

The public clearly believes Qwest should be required to seek their permission for such use of customer information and that the "opt-out" strategy of Qwest is unacceptable. The company announced recently that customers had 30 days to "opt-out" of their plan and then extended it to 90 days in the face of considerable public protest. While opposition to the Qwest plan is literally universal, it is highest within the ranks of Republicans (94%), Independents (95%), working age consumers (97%) and registers 91 percent among likely voters.

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EDITOR'S NOTE: This Rocky Mountain Poll Arizona (2002-I-01) is based on 638 interviews with consumer adults across Arizona conducted from January 10th through January 17th, 2002. Where necessary, figures for age, sex, and race were weighted to bring them into line with their actual proportion in the population. In a sample of this size, one may say with a 95 percent certainty that the results have a statistical precision of plus or minus 4.0 percent of what they would have been had the entire adult population been surveyed. The Rocky Mountain Poll is conducted by the Behavior Research Center of Arizona and is an independent and non-partisan research program sponsored by the Center.

This statement conforms to the principles of disclosure of the National Council on Public Polls.

ENCLOSED: Statistical data for reference.

For this and other polls, see www.brcpolls.com/results.

STATISTICAL DATA

Behavior Research Center
Rocky Mountain Poll - Arizona
RMP 2002-I-01

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"Recently, the communications company Qwest announced plans to sell customers' currently private personal and business telephone information to third parties. Qwest has given customers who object to this until March 29 to inform Qwest of their objection. In your opinion, should customers be required to take steps to stop companies such as Qwest from selling their personal and company information or should companies like Qwest be required to get the permission of customers before such personal or company information can be sold?"

	COMPANY SHOULD BE REQUIRED TO SEEK CUSTOMERS' PERMISSION	CUSTOMERS SHOULD HAVE TO OPT OUT	UNSURE
Statewide	94%	4%	2%
Maricopa	94	3	3
Pima	93	6	1
Rural	94	3	3
Republican	94	4	2
Democrat	92	5	3
Independent	95	4	1

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## Phone privacy at stake

Qwest deal is blank check to sell your records

Jan. 10, 2002 12:00:00

In a world with ever-shrinking privacy, one corner of life seemed sacred and safe from prying eyes: The record of your phone calls.

No more.

Qwest is going to share details of your phone service, including your calling and billing records.



And, thanks to a court decision, Qwest doesn't have to ask for permission. It just needs to alert you and offer you a chance to opt out.

Corporate officials insist that account information will be shared only among the Qwest "family of companies," plus other companies with which they work closely.

Qwest claims consumers will benefit from more targeted marketing. Suppose you make lots of calls to Tucson. The corporation's wireless operation could offer you a plan with special in-state rates. (Assuming, of course, that you're eager for more telemarketing pitches.)

But the issue is more significant than getting interrupted at dinner by an extra round of marketers.

- Qwest notified customers of its plan through a bill insert. Did it warn customers, "Critical privacy decision"?

No. The wording was so bland - "important notice regarding your Qwest account information" - that customers were likely to toss it into the trash unread.

- The insert gave customers 30 days to notify Qwest if they want their account information kept private. The company was not prepared for a heavy response on its toll-free number, leaving customers with repeated busy signals and long waits when they did get through. Belatedly, Qwest added customer service agents and extended the hours that the number is in operation.

- A careful reading of the notice shows that the phone giant has written itself virtually a blank check to share information. Qwest could disclose data "when it is commercially reasonable to do so" or "to companies that have marketing agreements with us."

Last month, Arizona Attorney General Janet Napolitano joined her counterparts in 37 states in urging the Federal Communications Commission to protect consumers' privacy rights by requiring telecommunications companies to use an "opt-in" approach. Consumers would have to give permission before the most sensitive information - data that goes beyond name, address and phone number - could be released.

The AGs argue that despite the earlier court decision, the FCC can find ways to write a rule requiring phone companies to let consumers "opt-in."

That is a critical protection that should be adopted as soon as possible. Because when attorneys general look into the crystal ball, they see scenes like this: Phone companies enter into joint marketing agreements with firms that sell medical products. Those firms can then aim their pitches at customers who call certain types of doctors.

Napolitano is asking Qwest to extend the deadline for customers to ask that their account information remain private.

That would be good customer relations for the company and a sign of good faith.

The Arizona Corporation Commission is making a welcome response to public concerns with a special meeting next week to review how Qwest handles privacy issues.

Jim Smith, Qwest's executive vice president for consumer markets, says the company would be shooting itself in the foot if it didn't respect customers' privacy interests. "I'm looking to establish a good and always improving relationship with my customers," he said.

Those are good intentions. But in the long run, in a complicated world, they aren't good protection.

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**EXHIBIT E**

**Arizona Daily Star****www.azstarnet.com**

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Friday, 18 January 2002

## Qwest's mess

Qwest has taken a fairly simple consumer privacy issue and turned it into a convoluted horror story. The issue is this: Should the telephone company provide your phone number and other information to telemarketers and Qwest's sister companies without first asking your permission?

We believe most consumers would say, "no."

Qwest disagrees and, in fact, has turned the issue upside down. If you don't want your phone number and other personal information sold or distributed to other companies, it's easy enough to let the phone company know that, it says.

The Arizona Corporation Commission, which regulates utility companies, held a public hearing on this matter on Wednesday. Afterward, the commission ordered its staff to draft rules requiring the phone company to ask consumers for explicit permission before releasing information about them.

It remains to be seen how much good this does. One member of the commission, Marc Spitzer, thinks Qwest will go to court to fight the new rule.

Qwest will fight any new regulations because, it says, it already makes it possible for consumers to keep their phone numbers and other personal information private. That's true enough, but the process of creating a buffer between yourself and various marketing firms is far from straightforward. In fact, it's a complicated nightmare and sometimes ineffective.

You can call the company and request that your information not be released to other companies but, as one former Qwest customer service representative told the commissioners, that doesn't mean your request will be honored. Qwest sales agents work on commissions and have monthly sales quotas to fill.

If they honored every opt-out request they received, the pool of potential customers for Qwest's various related companies would shrink. That would shrink the potential for commissions, said the former employee, Cesar Marin.

So, let's say that instead of calling to make the opt-out request a consumer decides to do it through the company's Web site. Try it. Go to Qwest's main homepage ([www.qwest.com](http://www.qwest.com)) and try finding a link that takes you to a form where you can "opt-out" or let the company know that you don't want your information distributed or sold to any other company. Qwest claims you can indeed use the internet to opt-out, but if you didn't know the internet address for that form ([www.qwest.com/cpni/](http://www.qwest.com/cpni/)), you won't get there from Qwest's home page. We tried for a long time and finally came to the conclusion that it would be easier to get from Tucson to Coney Island on a velocipede than it would be to get Qwest to get the marketers off our back.

Qwest is making an enormous mistake by taking an arrogant stand against the consumers of Arizona. A telephone company is not an ordinary business. By law, it has a monopolistic hold on a specific geographic area. Consumers unhappy with Qwest do not have the option of turning to another provider - unless they subscribe to a cellular (wireless) service, which is an option that a growing number of users are turning to.

If Qwest wants to give Verizon, MCI Worldcom and all the other cell phone companies a good jump in their profits, it need only continue its current practice of playing hardball with its customers.

On the other hand, it can choose to accept what many of us believe, which is that as human beings we are not merely pawns in somebody's marketing game. We do not want to be forced into roles we did not choose. If we want a service, most of us know enough to pick up the phone and order it. We do not need a telephone company to make that decision for us, and certainly not without first asking our permission.

With or without Qwest's cooperation, consumers may end up with some relief from telemarketers as the result of a bill that is likely to be introduced in this session of the Arizona legislature. The measure would create a "no call" list containing the names of all consumers who prefer not to deal with sales calls. Telemarketing companies would be required to purchase and honor the lists.

Qwest should regard seriously this growing concern among consumers that their privacy and tranquility are being invaded in the interests of zealous profiteering. The company must change or regulators and the public will surely make the change for them.

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