

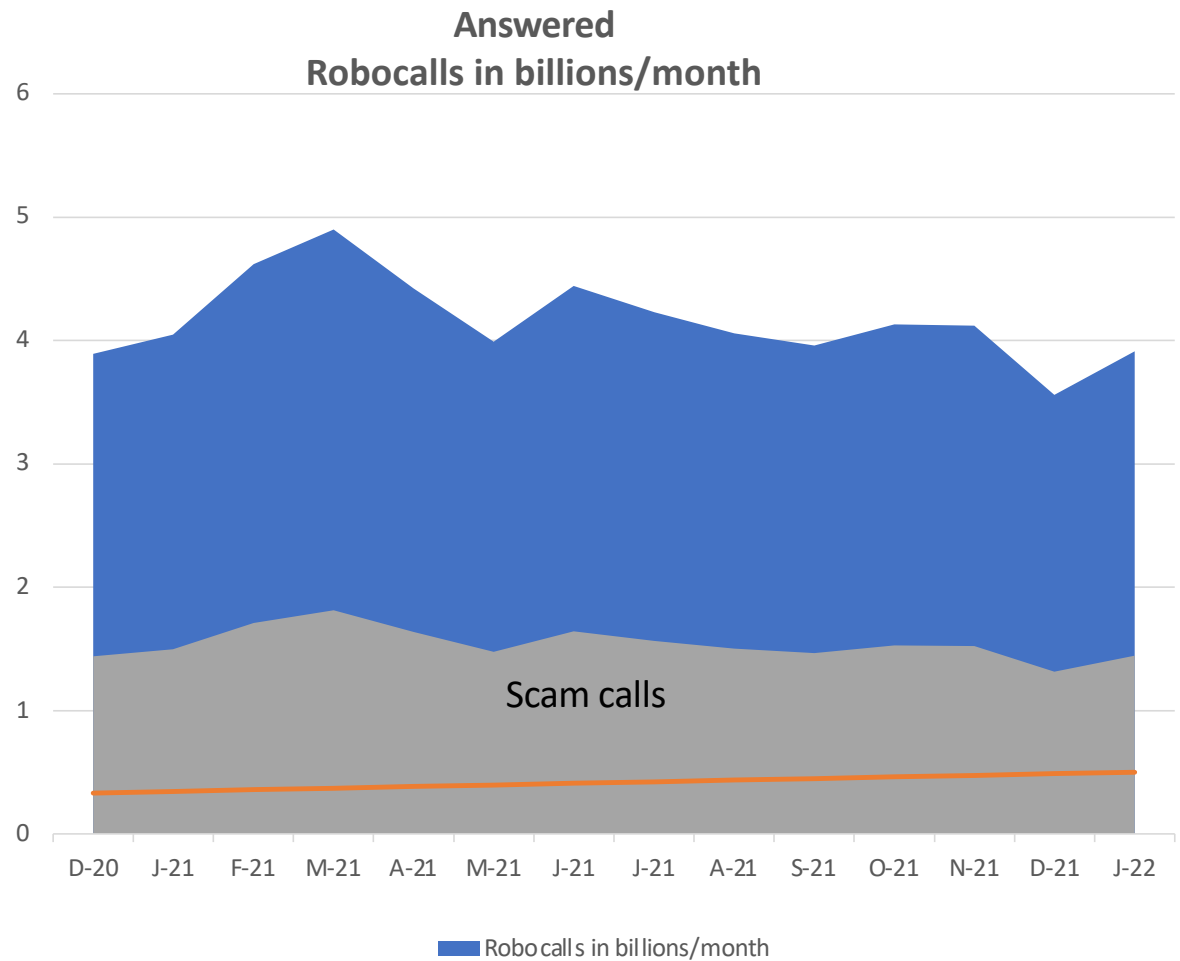
Presentation to the FCC: Telephone Subscribers Must be Protected from Robocalls Perpetrating Criminal Frauds February 8, 2022

- >National Consumer Law Center
- >Electronic Privacy Information Center
- >Consumer Report
- >National Consumers League
- >Public Knowledge
- >UnidosUS
- >U.S. PIRG

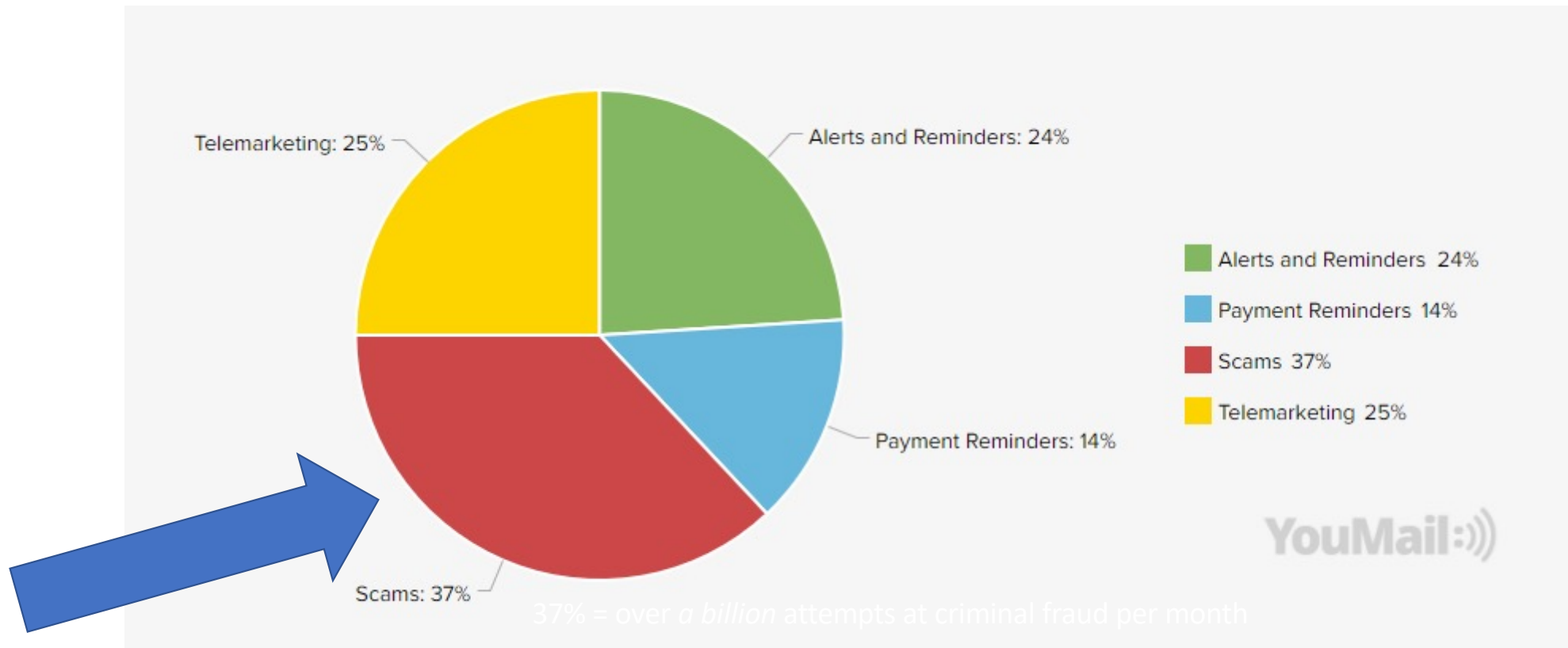
>Ted Hobson, Consumer Assistance Program,
Vermont Office of Attorney General. (Any
views expressed herein are his personal
opinions and not necessarily the opinions of
the Vermont Office of Attorney General)

Dec. 2020
through Jan. 2022
Nationwide
Robocall Data

- <https://robocallindex.com/>



37% of robocalls are attempted criminal fraud



Number of scam robocalls in the past 30 days

- In the the past 30 days *alone*, just counting the calls made by the top 1000 scam campaigns – **there were 458,632,680 scam robocalls made.**
- This does not count all the scam calls made by callers who were not in the top 1000 list.
- The leading scams:
 - Vehicle warranty scam
 - Bill reduction scam
 - Health insurance scam
 - Medicare scam

Source: **YouMail** private data

Number of Scams Accomplished By Robocalls



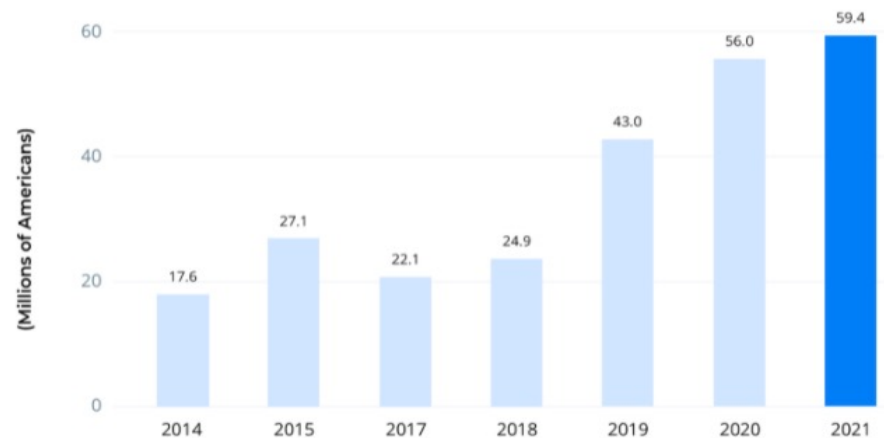
FTC self-reported data:

- 2.1 million separate reports of fraud made to government agencies.
- At least 540,327 were the direct result of contacts made through a telephone call.
- At least 290,551 reports of fraud resulted from texts to cell phones
- Reports of telephone fraud increased by 102% between 2020 to 2021

Truecaller Survey data:

59.4 million Americans have fallen victim to a phone scam in the past 12 months

Total Americans That Lost Money To Scam Calls



Source: Truecaller Insights/Harris Poll

truecaller



FTC self-reported data:

- \$529 million stolen from them in the first three quarters of 2021
- Annualized - **\$705 million stolen in 2021 by phone scams**
- Increase of 64% from previous year

Billions Lost to Phone Scams

Truecaller Survey data: **\$29.8 billion USD in 2021**

Total Money Lost to Scams Calls



Source: Truecaller Insights/Harris Poll

truecaller

<https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>
<https://truecaller.blog/2021/06/28/us-spam-scams-report-21/>

The Cost of Scam Calls *to* Victims.

FTC self-reported data:

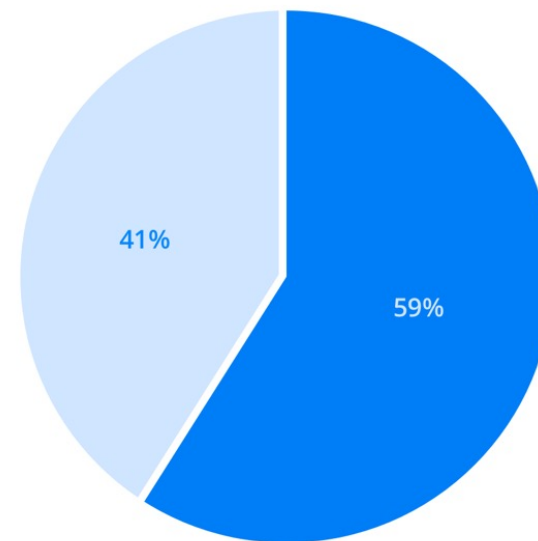
- **Median amount of money lost through telephone scams during the first 3 quarters of 2021 was \$1,250**
- Losses to victims over age 80 were highest—median of \$1,300
- Over a third of the scam victims were over age 60

TrueCaller survey data:

- The **average reported loss from phone scams was \$502** – up from \$351 in 2020.

Nearly 3 out of 5 Americans have received scam calls or SMS related to COVID-19 in the past 12 months

Americans that Have Received Scam Calls or SMS related to COVID-19



- Have received Scam calls/SMS related to COVID-19
- Have NOT received Scam/SMS calls related to COVID-19

Source: Truecaller Insights/Harris Poll

truecaller

Typical Phone Scams

- **Social Security Administration Imposter Scam:** The scammer in a prerecorded **SSA call** may claim that the victim's Social Security Number has been suspended due to suspicious activity or involvement in a crime, and the victim is encouraged to call back to clear up the matter. During the callback, the scammer will ask for the victim's SSN in order to reactivate it, or the scammer may ask the recipient for a fee to reactivate the SSN or to get a new SSN.
<https://media.youmail.com/mcs/glb/audio/s3diZGlyX3QwN2RpcipodWI2NDE4NzkzOjE1NTMzMMDM0MTc1MTNEpayOlw.gen.wav>
- **Phony IRS agents** demand money, threaten arrest or even deportation if the victims do not comply. <https://www.youtube.com/watch?v=ANm4uBimRXA>
- Your Amazon Prime Account has been compromised . . . \$4000 for iPhone has been processed . . . <https://media.youmail.com/mcs/glb/audio/s6diZGlyX2hqOGRmYTp0b21jYXQ1ODA5OjE2MjYxMjEzMjU4ODlwLIRGr7.gen.wav>
- And YouMail has hundreds and hundreds more of these recordings of fraud campaigns

Q. Who *profits* from robocall criminal fraud?

- Answer: Providers of robocall services as well as criminal fraud syndicates
- Fact: American service providers make money on every call answered.
- Reality: so long as American providers make *more* money from handling illegal calls than from *not* handling illegal calls . . . American providers will continue handling illegal calls.
- Commissioner Starks noted “illegal robocalls will continue so long as those initiating and facilitating them can get away with and profit from it.”
- Our POINT: until the cost of handling illegal traffic is raised, then the illegal traffic will continue.

The billion criminal fraud calls made *every* month cost all telephone subscribers

- The FCC has said that each illegal call carries a cost of 10 cents per call. *See* FCC 19-51, ¶ 40, June 6, 2019; FCC 20-42, ¶ 47, March 31, 2020
- Cost to US economy of 1 billion illegal calls a month: **\$100 million dollars**, or \$1.2 billion per year.
- These “unbooked” costs are *in addition to* the costs paid by the victims of fraud
- The U.S. phone system is a less reliable way of contacting someone because of the pervasiveness of robocall fraud

Comparing Legal Robocalls to *Illegal* Robocalls

Legal Robocalls

- Relatively high percentage of calls are answered
- Legitimate telemarketer typically uses only a single ANI per telemarketing campaign or demographic. (Single ANI allows metric tracking).

Illegal Robocalls

- Low percentage of calls are *answered*.
- Spoofed ANIs, with ANI-to-called-number ratios often less than 2, rarely more than 7
- Robust behavioral analytics of hundreds of millions of real people answering the phone:
 - Almost all calls are short duration, averaging less than 20 seconds (because the called party hangs up.)
 - 99% or more of calls last less than a minute
 - Less than 1% of calls last more than 2 minutes
- High percentage of calls to numbers on the DNC registry
- High percentage of calls to wireless numbers

Example, from NC AG's Litigation Against Articul8

- ¶ 65. For example, *in a single day*,
 - Just one (of 18) downstream providers routed almost 17.3 million calls, 74% of which were not answered.
 - Of the 4.4 million calls that were answered, calls had an average call duration of 11 seconds (the called party hung up 4.4 million times)
 - Average Calls-Per-ANI of these calls was 1.08, which means that almost every one of the over 4.4 million calls answered came from a distinct (illegally spoofed) calling number.

Articul8 enjoyed the support of these complicit upstream & downstream providers

- https://ncdoj.gov/wp-content/uploads/2022/01/FILED-Complaint_NC-v-Articul8_22-cv-00058-MDNC-2022.pdf ¶ 72

All Access Telecom, Inc.
Bare Telecom
Clarity Networks Pty Ltd., an Australian corporation
Crazy Networks Pty Ltd., an Australian corporation
DIDCentral, LLC
G4 Telecom, Inc.
Great Choice Telecom, LLC
HFA Services, LLC dba Call48
Inteliquent, Inc.


Mashunk Trading Corporation, a Philippines corporation
Matrix Telecom, LLC dba Impact Telecom
Matrix Telecom, LLC dba Lingo
PZ Telecommunication, LLC
USA Digital Communications, Inc.
VaultTel Solutions, LLC
Vibtree Technologies, LLC dba Trixcom Networks
VoIPShout Technologies, a Hong Kong corporation
Whisl Telecom, LLC.

How can providers tell there is something wrong with the calls?

A provider can look at its own **Call Detail Records** (CDRs) for the calls that pass through its network from all upstream and/or originating providers.

Each **CDR** includes:

- a. the date and time of the call;
- b. the duration of the call;
- c. the destination or called number for the intended call recipient;
- d. the source number or calling number from which the call was placed, which may be a real number or may be a legitimately or illegally spoofed number;
- e. the name of the upstream provider that sent the call to the provider; and
- f. the name of the downstream provider to which the provider sent or routed the call.



Even better – ITG (USTelecom) *informs* providers of “suspicious activity”

- **Every time the ITG conducts a traceback, every provider in the call path is alerted.**
- Articul8 appeared in the call path of at least **49** tracebacks related to “suspicious activity.”
- ITG: “Suspicious activity” is “a pattern of voice calls that have characteristics associated with abusive, unlawful, or fraudulent practices (including, but not limited to, lack of header information, volumetric anomalies, calling or called party information modification, complaints received from called parties, law enforcement, third party aggregators, or call transcripts).”
- https://ncdoj.gov/wp-content/uploads/2022/01/FILED-Complaint_NC-v-Articul8_22-cv-00058-MDNC-2022.pdf ¶ 91

And ITG *notifies* the providers

- In each traceback, USTelecom/ITG notified Articul8 that it was transmitting known fraudulent and illegal telemarketing and robocall campaigns
- **Each and every provider in the call path received the same notifications of these problem calls that they were transmitting from Articul8**
- ITG told providers in the call path that more information about the specific fraudulent call at issue, including a recording of the fraudulent message was available through ITG
- https://ncdoj.gov/wp-content/uploads/2022/01/FILED-Complaint_NC-v-Articul8_22-cv-00058-MDNC-2022.pdf ¶ 42

Request
made . . . the
provider is
requested?

USTelecom/ITG issued a written notice sent with high priority to Defendants with the following subject line:

“URGENT: PERSISTENT TRACEBACKS ESCALATION NOTICE.” This notice provided, in relevant part: In the majority of the past several weeks, you have been identified in Industry Traceback Group (ITG) tracebacks as carrying fraudulent robocalls directed to United States telephone subscribers. You are one of the larger contributors to the illegal robocalling problem based on information available to the ITG.

- We **ask** that you promptly adopt additional measures to stop the flow of these calls, and we are committed to helping you do so.
- https://ncdoj.gov/wp-content/uploads/2022/01/FILED-Complaint_NC-v-Articul8_22-cv-00058-MDNC-2022.pdf ¶ 100

“We ask????”

>“We **ask** that you promptly adopt additional measures to stop the flow of these calls, and we are committed to helping you do so.”

>Why is this a *polite request*?

>Why is continued hosting of wire fraud not considered criminal and shut down immediately?

>Who is being protected in the current system??



Could we make it any easier for the scammers?

Who should the government protect?

Consumers?



In addition to the victims of scams (who lost \$29.8 billion in 2021), every robocall imposes an external cost of \$.10 a call

Providers?



Providers of robocall services make money on every call answered.

So long as American providers make *more* money from making illegal calls than from *not* making illegal calls American providers will keep making these calls.

Who should
the
government
protect?

The *callers*?

- **Scammers and Telemarketers:**
 - They are making all the money that victims are losing:
 - Thousands of dollars a day
 - Millions of dollars a month
 - Tens of *Billions of dollars lost* a year (\$29.8 BILLION lost in 2021)
- Legitimate callers:
 - They are losing money because of these unwanted and illegal calls
 - Some of their calls are mislabeled
 - Some of their calls blocked



Simple SQL
analytics
can show
likely illegal
traffic

Short Average Call Duration (ACD)
– 20 seconds or less, typically

Approximately 99% of calls are
less than 60 seconds

Low ANI ratio (less than seven)

Few calls over 2 minutes (typically
only 0.5%)

What should be done:

- Shut the door – protect telephone subscribers *more* than callers and providers
- Create a system that incentivizes multiple points of scam call blocking
 - Require that every provider *police* the calls it transmits, particularly intermediate providers
 - Require strict compliance with rules to get on and stay on the RMD
 - Provide full information about the bad calls AND THE PROVIDERS THAT ORIGINATE OR TRANSMIT THEM to the world – *make all the tracebacks public!*

Make it a meaningful privilege to be on the RMD

-- 1

- Apply the RMD to all providers of telephone calls transmitted to US telephone numbers
- Require full compliance with all rules to get on and stay on the RMD
-- not just authentication rules
- Require *affirmative & effective* mitigation requirements to everyone (a “reasonable policy” is not sufficient – look to results)
- Place a higher burden for compliance on VoIPs

Make it a meaningful privilege to be on the RMD

-- 2

- Exclude a provider from the list for any of the following:
 - Appearing in multiple tracebacks for suspicious calls,
 - Continuing to transmit campaigns of illegal calls after notice, or
 - Failing to respond to a traceback request
- Require full disclosure of all persons involved with ownership of VoIPs
- Prohibit any provider from RMD with ownership by persons previously found to have violated rules in the past

Make all ITG tracebacks public

- Name and shame all *originating and 1st downstream providers* of suspicious calls found in tracebacks
- Public traceback information would allow:
 - All providers to see easily which upstream providers have been found to carry illegal traffic, allowing those providers to avoid transmitting those calls in the future
 - All law enforcement to easily access and coordinate prosecutions of providers of illegal calls
 - Victims to find the scammers and those responsible for facilitating the scams
 - Facilitation of local prosecution for criminal behavior
 - Public shaming the providers for their complicity
 - Legitimate callers to avoid doing business with complicit providers – provides *market incentives for compliance*
- TRACED ACT Section 13(e) authorizes disclosure

Also provide public access to a tool that allows easy searching of traceback

- Provide access to a tool – like Traceback Explorer – that provides a simple and easy way for providers, law enforcement, legitimate callers, and victims to –
 - Determine complicit providers
 - Find scammers
 - Work together



Tool can show
entire traceback
history for
complicit
providers.

Originating provider traceback history

Coherent, LLC				
Traceback Count				
	NR-1	ORG-1	POE	Grand Total
2020				
Jun			1	1
Jul			4	4
Aug			2	2
Sep			4	5
Oct	1	4	6	11
Nov		6	1	7
Dec		3	2	5
2020 Total	1	11	22	35
2021				0
Jan	1	2		3
Feb			2	2
Mar		6		6
2021 Total	1	10	2	13
Grand Total	4	42	46	94

Show
campaigns and
upstream
source

PROVIDER ---->	Coherent, LLC			
	UPSTREAMS			
CAMPAIGNS	Meme Global Services	Mastodon Telecom	VoIPWhisper	Grand Total
Apple-iCloud-Warning	3	4	5	12
IRS-EmergencyAction (GovtImpers)	2		1	3
Medicare-MoreBenefits		2		2
Refund-CovidFraud			3	3
SSA-P1-CaliforniaFraud (GovtImpers)			2	2
TOS2-Hospital ER			3	3
Utility-40MinDisconnect	1			1

Show
campaigns and
downstream
providers

PROVIDER ---->	Coherent, LLC					
Traceback Count	DOWNSTREAMS					
	All DIDs Telecom	G8Telecom, Inc.	Gong Telecom	91 Comm	Whistling Dixie Comm	Grand Total
Apple-iCloud-Warning		2	7		3	12
IRS-EmergencyAction (GovtImpers)	1		2			3
Medicare-MoreBenefits			2			2
Refund-CovidFraud	1		1	1		3
SSA-P1-CaliforniaFraud (GovtImpers)	2					2
TOS2-Hospital ER					3	3
Utility-40MinDisconnect					1	1
Grand Total	4	2	12	1	7	26

Presently the providers of fraud are hidden, for no good reason

The identity of providers of criminal fraud calls are hidden from:

- The public
- Providers who want to know whether the calls they are transmitting are possibly problematic
- Law enforcement (without separate requests)
- Victims





Current ITG report illustrates failure of current traceback system

- No meaningful disclosure of problem providers.
- For example: Articul8 & Startel are listed simply as cooperative recipients of traceback requests
- The report notes that “121 U.S. providers originating illegal robocalls, 111 that have brought the calls into the country,” *but no one knows who these guilty providers are!*
- <https://ecfsapi.fcc.gov/file/111572802120/USTelcom%20Letter%20re%20Status%20of%20Private-Led%20Traceback%20Efforts%202021.pdf>

Articul8 & Startel lumped in with everyone else on ITG report



- Both appear as having multiple tracebacks go through them
- But so does AT&T & Verizon
- Both responded to all traceback requests
- So public information available about these providers does *not* indicate their complicity in transmitting these scam calls.

Pretty much anyone can get on the RMD . . .

A \$225 million fine, yet John Spiller and Great Choice Telecom are still at it . . . <https://greatchoicetelecom.com/>



Built in automatic DID rotator that will provide you a hands free system for Caller ID's to change after every call made, engineered to help have more connected calls as well as stay away from scam likely

[Read More »](#)

<https://www.fcc.gov/document/fcc-fines-telemarketer-225-million-spoofed-robocalls>





Needed changes: 1

Make tracebacks public for point-of-entry, originating, no response and next downstream providers



Needed changes: 2

1. Require that *all* providers participate in mitigation of illegal calls (amend 47 CFR 64.1200(k)(4))
2. Require strict compliance with rules and *affirmative and effective* mitigation requirements to get on and stay on the RMD
3. Ensure providers excluded from RMD cannot simply change names and relist



Needed changes: 3

Require that *all* providers – especially VoIP providers use at least –

- Real-time behavioral analytics (Average Call Duration, ANI ratio, % of calls less than 60 seconds, % over two minutes)
- Content analytics for traffic flagged by behavioral analytics
- But regardless of the methods used, the right to stay on the RMD should be based on results



Please . . .

Protect telephone subscribers first

Change the incentives:

- **Reality:** so long as American providers make *more* money from handling illegal calls than from *not* handling illegal calls. . . American providers will continue handling illegal calls.