

112TH CONGRESS
2D SESSION

S. 3291

To prohibit unauthorized third-party charges on wireline telephone bills, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2012

Mr. ROCKEFELLER introduced the following bill; which was read twice and
referred to the Committee on Commerce, Science, and Transportation

A BILL

To prohibit unauthorized third-party charges on wireline
telephone bills, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Telephone Billing
5 Act of 2012”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) For years, telephone users have complained
9 that their wireline telephone bills included unauthor-
10 ized third-party charges.

1 (2) This problem, commonly referred to as
2 “cramming”, first appeared in the 1990s, after
3 wireline telephone companies opened their billing
4 platforms to an array of third-party vendors offering
5 a variety of services.

6 (3) Since the 1990s, the Federal Communica-
7 tions Commission, the Federal Trade Commission,
8 and State attorneys general have brought multiple
9 enforcement actions against dozens of individuals
10 and companies for engaging in cramming.

11 (4) An investigation by the Committee on Com-
12 merce, Science, and Transportation of the Senate
13 confirmed that cramming is a problem of massive
14 proportions and has affected millions of telephone
15 users, costing them billions of dollars in unauthor-
16 ized third-party charges over the past decade.

17 (5) The Committee showed that third-party bill-
18 ing through wireline telephone numbers has largely
19 failed to become a reliable method of payment that
20 consumers and businesses can use to conduct legiti-
21 mate commerce.

22 (6) Telephone companies regularly placed third-
23 party charges on their customers’ telephone bills
24 without their customers’ authorization.

1 (7) Many companies engaged in third-party bill-
2 ing were illegitimate and created solely to exploit the
3 weaknesses in the third-party billing platforms es-
4 tablished by telephone companies.

5 (8) In the last decade, millions of business and
6 residential consumers have transitioned from
7 wireline telephone service to interconnected VoIP
8 service.

9 (9) Users of interconnected VoIP service often
10 use the service as the primary telephone line for
11 their residences and businesses.

12 (10) Users of interconnected VoIP service that
13 have telephone numbers through the service should
14 be protected from the same vulnerabilities that af-
15 fected third-party billing through wireline telephone
16 numbers.

17 (11) In increasing numbers, wireless users are
18 making the same complaints that wireline telephone
19 users have been making since the 1990s.

20 (12) Wireless users are reporting unauthorized
21 third-party charges on their wireless bills for services
22 they did not enroll in.

23 **SEC. 3. UNAUTHORIZED THIRD-PARTY CHARGES.**

24 (a) IN GENERAL.—Section 258 of the Communica-
25 tions Act of 1934 (47 U.S.C. 258) is amended—

1 (1) by amending the heading to read as follows:

2 “**SEC. 258. PREVENTING ILLEGAL CHANGES IN**
 3 **SUBSCRIBER CARRIER SECTIONS AND UNAU-**
 4 **THORIZED THIRD-PARTY CHARGES.**”; and

5 (2) by adding at the end the following:

6 “(c) PROHIBITION.—

7 “(1) IN GENERAL.—No local exchange carrier
 8 or provider of interconnected VoIP service shall
 9 place a third-party charge that is not directly related
 10 to the provision of telephone services on the bill of
 11 a customer, unless—

12 “(A) the third-party charge is from a cer-
 13 tified third-party vendor;

14 “(B) the third-party charge is for a prod-
 15 uct or service that a local exchange carrier or
 16 provider of interconnected VoIP service jointly
 17 markets or jointly sells with its own service;

18 “(C) the customer affirmatively consented
 19 to the placement of the third-party charge on
 20 the bill; and

21 “(D) the local exchange carrier or provider
 22 of interconnected VoIP service has a good faith
 23 reason to believe that the third-party charge is
 24 for a product or service requested by the cus-
 25 tomer.

1 “(2) FORFEITURE.—Any person who commits a
 2 violation under paragraph (1) shall be subject to a
 3 civil forfeiture, which shall be determined in accord-
 4 ance with section 503, except that the amount of the
 5 penalty shall be double the otherwise applicable
 6 amount of the penalty under section 503.

7 “(3) DEFINITIONS.—In this subsection:

8 “(A) CERTIFIED THIRD-PARTY VENDOR.—
 9 The term ‘certified third-party vendor’ means a
 10 person that has a contractual right to receive
 11 billing and collection services from a local ex-
 12 change carrier or a provider of interconnected
 13 VoIP service.

14 “(B) THIRD-PARTY CHARGE.—The term
 15 ‘third-party charge’ means a charge for a prod-
 16 uct or service not provided by a local exchange
 17 carrier or a provider of interconnected VoIP
 18 service that is included on a bill for the services
 19 the local exchange carrier or provider of inter-
 20 connected VoIP service offers to its cus-
 21 tomers.”.

22 (b) RULEMAKING.—Not later than 90 days after the
 23 date of enactment of this Act, the Federal Communica-
 24 tions Commission shall prescribe any rules necessary to
 25 implement the provisions of this section.

1 (c) EFFECTIVE DATE.—The Federal Communica-
2 tions Commission shall prescribe that any rule adopted
3 under subsection (b) shall become effective not later than
4 1 year after the date of enactment of this Act.

5 **SEC. 4. THIRD-PARTY CHARGES ON WIRELESS BILLS.**

6 The Federal Communications Commission, in con-
7 sultation with the Federal Trade Commission, shall pro-
8 mulgate, not later than 180 days after the date of enact-
9 ment of this Act, rules to protect consumers from unau-
10 thorized third-party charges on wireless bills. The Federal
11 Communications Commission, in promulgating the rules,
12 shall—

13 (1) ensure that a provider of wireless services
14 gives each customer of wireless services the means to
15 avoid receiving third-party charges on the wireless
16 customer's wireless bill and clearly and conspicu-
17 ously discloses this option to the wireless customer;

18 (2) establish procedures for a provider of wire-
19 less services to follow to ensure that third-party
20 charges placed on a wireless customer's wireless bill
21 have been authorized by the wireless customer; and

22 (3) establish procedures to enable a wireless
23 customer to seek and receive, directly from the pro-

- 1 vider of wireless services, reimbursement for any un-
- 2 authorized third-party charges in a timely manner.

