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Consumer Federation of America



April 18, 2012

Federal Communications Commission
445 Twelfth St. SW
Washington DC 20554

Re: Empowering Consumers to Prevent and Detect Billing for Unauthorized Charges
("Cramming"), CG Docket No. 11-116

Dear Chairman Genachowski, Commissioner McDowell, and Commissioner Clyburn:

We write to you to express our concerns about cramming, which is the practice of placing unauthorized, misleading or deceptive charges on a customer's telephone bill. Cramming can result in an undue financial burden upon the constituencies represented by our organizations and consumers across America. We appreciate the FCC's effort to require more disclosure regarding third-party billing. However, we urge the FCC to go further and provide greater protections for consumers and for those protections to apply not just to landline users but also for those who use wireless phones and VoIP services.

Technology should continue to flourish and grow, but not at the hefty expense of consumers. Thus, not only should the FCC provide stronger consumer protections against cramming, it is especially critical the FCC extend cramming rules to wireless and VoIP providers, especially considering the high rate of adoption among consumers.

According to Pew Research Studies, 82% of American adults own some kind of cell phone. Cell phone adoption rates are especially high among certain segments of the population. For example, according to Pew research, 87% of Latinos and Black Americans own cell phones. Pew has also found that 77% of low wealth Americans, those with a household income of less than \$30,000, own a cell phone. Additionally, the same Pew study found that 57% of seniors (age 65 or older) have cell phones (another analysis by eMarketer estimated the number to be closer to 70%).

Consumers are also increasingly using VoIP services. The FCC has found that as of 2010, there were 32 million interconnected VoIP subscriptions out of the 149 million total wireline retail local telephone service connections. That represents an increase of 22% from the preceding year.

The FCC, FTC, Congress and various States have recognized cramming as a serious problem, especially for landline telephone service. The same abuses that occur on traditional landline services can easily occur on VoIP services. Moreover, there is evidence that cramming on mobile devices will be a larger problem for wireless users. For instance, as mobile phones have become widely used, consumers now have many ways to pay for services and goods using mobile phones. Leaving wireless users unprotected would be especially consequential for our constituents.

According to a recent Senate Commerce Committee Staff Report on Unauthorized Charges on Telephone Bills “many third-party vendors are illegitimate and created solely to exploit third-party billing while, most third party charges appear to be unauthorized.” To ensure consumers are not harmed by these practices, we urge the FCC to take steps against this predatory practice by adopting stronger rules than currently proposed and extending protections to landline, VoIP, and wireless users.

Sincerely,
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