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“SLAMMING THE DOOR” ON TELEPHONE FRAUD

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MOSS & BARNETT



Deregulation of the telephone industry has caused intense competition in the local and long-distance telephone service markets, especially for the approximately 100 billion long distance calls made each year. Over 500 companies now compete to provide

telephone service in Minnesota alone. Unfortunately, a few unscrupulous telephone providers are using deceptive practices to get new customers, including a technique known as “slamming”.

What is Slamming?

Slamming is the unauthorized switch from your local or long-distance telephone service provider to a new provider. While slamming typically replaces long-distance service, some providers slam local and long-distance service.

The impact of slamming can be severe and quite costly. Customers often lose a significant amount of time and money in their effort to restore their original telephone service provider. Slamming can also inflate the cost of telephone service if the new service carries a higher rate. The customer may also incur an expensive “change of provider” line charge to be returned to the original provider. These costs can add up to significant amounts for anyone, but the problem is compounded for businesses as they are multiplied over numerous lines.

How Does Slamming Occur?

Slamming occurs in many ways. Some providers use contests, prizes, surveys, bonus checks, or deceptive telemarketing calls in an attempt to lure a customer into consenting to a change in their provider. These techniques have become

so sophisticated that customers are frequently unaware that by responding to these offers or answering a telemarketer’s questions, they have authorized a change in their telephone service.

“...FEDERAL AND STATE LAWS
ONLY REQUIRE THE SWITCHING
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PROOF OF VALID
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AFTER A COMPLAINT
BY THE
CUSTOMER**”

For example, one long-distance provider doing business as “H.O.L.D.”, would call potential customers at home and then pause in the middle of their solicitation to ask if the customer would mind if they were “put on hold?” A “Yes” response was used as an affirmation of the customer’s consent to switch their service to H.O.L.D.!

These deceptive practices are enabled by the fact that a slamming provider does not have to produce proof of the customer’s authorization before implementing a switch. This is because federal and state laws only require the switching carrier to produce proof of valid authorization after a complaint by the customer.

How Do You Know if You Have Been Slammed?

The best way to detect slamming is by carefully examining your monthly telephone bill. Unusual charges should be scrutinized carefully, as they may be evidence that you have been slammed.

Slamming article continued from front cover

Unusual names appearing on your telephone bill should also be scrutinized. Some “slammers” use business names that can be confused with headings on a customer’s bill. Providers with names such as “Long-Distance Services,” “Monthly Telephone Services,” “Telephone Calls” or “Basic Long-Distance” resemble more closely the line items on a telephone bill than the name of a provider. Deceptive names may prevent you from immediately recognizing that you have been slammed.

You can verify the name of your current provider by contacting your local service provider. You can immediately verify your long-distance provider without charge, by dialing 1+700+555-4141 (interstate) or 1+your area code+700-4141 (intrastate).

Verification of Consent.

Once a customer contests a switch of service providers, the law requires the new provider verify your consent in one of three ways: (1) a signed authorization; (2) oral authorization via an automated system and an “800” number; or (3) oral authorization using an independent third party. If the provider cannot produce such verification, the switch is considered to be unauthorized and you were “slammed”.

Steps that You Can Take to Avoid Being Slammed.

Here are three steps you can take to avoid being slammed:

1. Confirm your current provider. Make sure you know who provides your local and long-distance telephone service. You can do this by calling your local service provider or by referring to your monthly telephone bill.
2. Freeze your long-distance service provider. You can call your local provider and “freeze” your long-distance provider. Once you do so, your service cannot be switched to a new provider without your written consent.
3. Take care when responding to telemarketers or filling out solicitous materials. Be sure that you understand the details of the provider’s offering and any related consequences before giving your consent to a provider switch.

What To Do If You Are Slammed.

If you have been slammed, you have the right under federal and state laws to be immediately returned to your former provider without paying the slamming provider’s charges. The following steps may be helpful in reinstating your preferred provider and avoiding costs associated with an unauthorized switch.

1. Tell the slamming provider to switch you back to your chosen provider. The slamming provider may realize from your call that a mistake has occurred and immediately return you to your previous provider. If the slamming provider claims that the switch was authorized, insist on reviewing the authorization. If the authorization is invalid, tell the provider that you will not pay for the unauthorized service and insist that all charges be removed from your bill.

2. Tell your authorized provider that you have been slammed. Contact your original service provider and tell them that you want to be reinstated to your former calling plan without incurring any “change of provider charges.” If your long-distance service was slammed, also contact your local service provider and inform them that you were slammed and that any subsequent “change of provider charges” should be removed from your bill.

3. Pay for all services from your authorized provider. Pay for those portions of your telephone bill that are charges for legitimate services. For example, if your long-distance service was slammed, you are still responsible for paying local service charges and related state and federal taxes.

- If you discover that you have been slammed before you have paid the telephone bill of the slamming provider, you do not have to pay for the unauthorized service. Include a statement with the telephone bill that the unpaid charges are in dispute. The local service provider will apply the partial payment to the unchallenged portions of your telephone bill.
- If you discover you were slammed after you have paid the telephone bill, contact the unauthorized provider and demand a bill credit or refund in the amount of the unauthorized charges.

4. Contact the appropriate governmental agency and file a complaint. In Minnesota, you may not complain to the FCC, because the state has opted to regulate slamming. Sending a complaint to the FCC will only result in delay.

If your local service was slammed, you should contact the: Consumer Affairs Office of the Minnesota Public Utilities Commission at (800) 657-3782, Email: consumer.puc@state.mn.us, or access their online complaint form at http://www.puc.state.mn.us/consumer/complain_form.htm.

If your long-distance service was slammed, contact the Minnesota Attorney General’s Office – Residential Utilities Division at (800) 657-3787, access their online complaint form at http://www.ag.state.mn.us/PDF/util_complaint.pdf.

Even if the unauthorized charges are resolved to your satisfaction, you may want to report the slamming to the appropriate state agency. Filing a report provides state “watchdogs” with valuable data on slamming that can be used to conduct investigations and to possibly revoke their certificates to operate in the state.

Customers should be diligent in monitoring their monthly telephone bill and promptly investigate any changes to their service. In the event your telephone service has been slammed, the steps discussed in this article may be helpful to avoid incurring any unauthorized charges.

MOSS & BARNETT RECEIVES UNITED WAY “GOLD AWARD”

The Greater Twin Cities United Way recognized Moss & Barnett’s contribution to its 2001 pledge campaign with its prestigious Gold Award. Our entire team of lawyers, legal assistants, paralegals and administrative staff earned this award by making contributions that exceeded an average of \$300 per person. Only 25 groups achieved this distinction in our entire metropolitan area. Congratulations team!

MOSS & BARNETT’S
PRESIDENT AND
CHIEF EXECUTIVE OFFICER
THOMAS J. SHROYER AND
DIRECTOR OF ADMINISTRATION
JAMES E. KASTEN,
ACCEPTING AWARD.



BEWARE OF THE LOST CHECK

Several of our clients recently encountered “lost check” fraud. Here’s how the scam works: Imagine that you hired a temporary worker to help your business through a seasonal work crunch or to perform some repair work on your house. A few days later the worker returns with a plausible tale about losing the check. The worker asks you to issue another check to meet some pressing bills.

Because you believe the worker’s story and want to help, you issue another check. To be safe, you call your bank and stop payment on the original check. You feel good about the result and consider the matter finished.

Later, you receive a letter from a check cashing service demanding that you pay the full amount of the first check. It turns out that the worker lied about losing the check and instead cashed it at the check cashing service. Since the service likely paid the check in good faith, you will have to pay the full amount of the first check.

The only safe way to avoid this type of fraud is to refuse to issue a second check when presented with a lost check story. It may be appropriate to make an exception when you have an ongoing relationship with the worker or where the first check has been outstanding for more than 1–2 months, making it unlikely that any check cashing service is still holding it.

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ATTORNEYS AT LAW

MOSS & BARNETT PARALEGALS

By: RICK KELBER
MOSS & BARNETT



We would like to take this opportunity to recognize Moss & Barnett's fine staff of paralegals. Our paralegals make important contributions to our corporate, real estate, estate planning and probate, regulatory, litigation and family law departments. Working closely with our attorneys, their substantive roles vary by department, and include document preparation, trial preparation, and project organization. Their educational attainments

are impressive, and, on average, they have been with our firm for over ten years (and in several cases much longer). On more than one occasion, a Moss & Barnett paralegal has gone on to law school (with firm support) and continued as an attorney with the firm. Their knowledge and skills play a vital role in providing efficient, quality legal work to our clients.

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