

Approved 2-26-92  
Date

MINUTES OF THE House COMMITTEE ON Computers, Communications & Technology

The meeting was called to order by George Dean

Chairperson

12:00 Noon on February 5, 1992 in room 529-S of the Cap

All members were present except:

Representative Kline - Excused  
Representative McKechnie - Absent

Committee staff present:

Julian Efird - Research  
Jim Wilson - Revisor  
Diane Duffy - Research  
Donna Stadel - Committee Secretary

Conferees appearing before the committee:

Diane Duffy - Legislative Research  
Mike Reeht - AT&T  
Eva Powers - MCI  
Paul Sieracki - US SPRINT

Others attending: See attached list.

Diane Duffy, Legislative Research gave agency briefing and background on 900 Numbers (attachment 1). Discussion followed regarding the meaning of a service bureau and how they function. Due to various interpretations, Paul Sieracki, Staff Director - Government Affairs volunteered to clarify this issue and sent a letter to Chairman Dean dated February 13, doing so. (attachment 2).

Mike Reeht, AT&T reviewed Summary of FCC Order and the rules as they apply to 900 Services (attachment 3). He also shared AT&T's Guidelines for Multiquest Premium Billing Services which they require customer to satisfy before providing billing service (attachment 4). Discussion followed regarding "Call Christie" type usage of 900 Services. Mr. Reeht pointed out these types of calls are not in violation of the pornography laws as they exist and cannot refuse to restrict these individuals' freedom of speech. The problem which exists is no method of quality control is in place to monitor content, other than complaints received, which prompts monitoring on that particular service at that time.

Eva Powers, Local Council for MCI, presented information on MCI's guidelines regarding 900 Service (attachment 5). She stated MCI had developed its' guidelines prior to the time the FCC's order was issued, but in general they comply with the guidelines.

The possibility of resale of 900 Numbers was discussed. It appears this could happen as long as the preamble was in place. Also clarified, was common carrier responsibility regarding providing 800 and 900 service. The difference between providing transmission and providing billing must be recognized. The common carrier functions of transmitting the signal must be adhered to, however, if billing services are denied, there is no need for

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Computers, Communication & Technology,  
room 529-S, Statehouse, at 12 Noon, ~~xxxx/xxxx~~ February 5, 1992

however, if billing services are denied, there is no need for transmission to take place.

Mr. Sieracki provided a copy of a US Sprint announcement that would not provide billing and collection for new information service providers who operate romance, credit card and job lines. The new policy extends that ban on billing to all existing providers of those services and also includes such programs as game and horoscope lines. (attachment 6).

Chairman Dean requested a list of complaints received by Kansas Corporation Commission. Karen Matson, Attorney for KCC will provide this.

Meeting adjourned at 1:15 P.M., until Tuesday, February 11, 1992.



# MEMORANDUM

## Kansas Legislative Research Department

Room 545-N -- Statehouse  
Topeka, Kansas 66612-1586  
(913) 296-3181

October 31, 1991

To:

Re: Consumer Protection Through Regulation of 900 Telephone Numbers

### Background

Over the past several years there has been a tremendous increase in the use of "pay-per-call" telecommunications services provided through certain prefix telephone numbers (also known as "900 services," "audio text services," and "dial-it services").<sup>1</sup> The industry is projected to grow from approximately a \$750 million industry to a \$1.6 billion industry by 1992.<sup>2</sup> The National Association for Information Services estimates that one billion 900 calls were made to pay-per-call services in 1990.

The provision of 900 service typically involves four parties:

1. the interexchange carrier (IXC) who provides the tariffed telecommunications transmission service and nontariffed billing and collection service (*i.e.*, long distance carrier); four long distance carriers now contract with 900 number services: AT&T, US Sprint, MCI Communications Inc., and Telesphere Communications Inc.;
2. the information provider or sponsor who provides the information, product, or entertainment, and sets the price to be charged the caller;
3. the local exchange carrier, who through an arrangement with the IXC, provides billing and collection services (*i.e.*, the local telephone company);
4. the service bureau who arranges service from the IXC on behalf of the information provider. The service bureau may be affiliated with the long distance company. Often the service bureau supplies the equipment to the information provider and by aggregating the traffic of many information providers, offers

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<sup>1</sup> Interstate (ten digit) pay-per-call numbers may include 900 and 700 prefixes. Local (seven digit) pay-per-call numbers may include 976 or 540 prefixes.

<sup>2</sup> "The 900 Report," National Association of Attorneys' General, page 1. Data collected by Market Intelligence Research and reported in "900 Numbers Are Being Born Again," *Business Week*, September, 17, 1990.

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Attachment 1  
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service to the information provider at a rate less than that which the information provider could get directly from the IXC.<sup>3</sup>

Although 900 telephone numbers appear to be the same as other ten-digit long distance service numbers, the important distinction between 900 numbers and other long distance services is that rates for calls to 900 numbers are neither tariffed nor determined by long distance carriers using the conventional factors of distance or time of day. Instead, the information service provider sets the price for the call in any way it chooses.

Pay-per-call telephone services have been around since 1974, when New York telephone customers could dial-a-joke and hear Henny Youngman. The 900 area code was first used in 1980 as a polling device for ABC during the Reagan-Carter debates. But the pay-per-call industry really took off in 1984 with the break up of American Telephone and Telegraph Company. As the pay-per-call industry grew, so did 900 scams, ranging from \$29.95 calls for credit card applications that could be obtained at no cost from any bank to "contest" calls that told callers to keep calling back to win more prizes. In one much-publicized case, a Seattle television advertisement told children to "call Santa" by holding the phone up to the TV speaker, which emitted tones that dialed a 900 number and billed the caller. Tales of unwitting callers racking up huge phone charges from 900 numbers are now common. One 15-year old youth ran up a \$40,500 bill by calling the Ultimate Pleasure Connection over a one-month period.<sup>4</sup>

Clearly, there are "legitimate" uses of 900 numbers. For example, corporations use them to provide customer technical support. Newspapers provide stock quotes, crossword puzzle clues, and sports scores. The Red Cross used 900 numbers to obtain contributions for the aid of victims of Hurricane Hugo and the San Francisco earthquake.

### Regulation of "Pay-Per-Call" Services

Regulation of "pay-per-call" services is shared by federal and state agencies. Federal jurisdiction over the 900 services industry is split between the Federal Communications Commission (FCC), the Federal Trade Commission (FTC), and the U.S. Postal Service. Congress is considering numerous measures which would mandate regulation of the pay per call industry.

FCC has jurisdiction over the long distance carriers (*i.e.*, AT&T, MCI, Sprint, and Telesphere) which provides the transmission service to an information provider. FCC also has jurisdiction over some billing and collection functions of these carriers. Enforcement actions against unfair and deceptive practices are prosecuted by the FTC, the U.S. Postal Service, and the U.S. Department of Justice. FTC handles cases of interstate consumer fraud and deceptive practices. In 1990, FTC filed its first complaints involving 900 services; these and subsequent FTC actions focus on deceptive advertising and on services aimed at children. The Postal Service inspectors may investigate for fraud if any part of a 900 call involves mail delivery.

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<sup>3</sup> Federal Communications Commission, "Notice of Proposed Rulemaking in the Matter of Policies and Rules Governing Interstate 900 Telecommunications Services," March 25, 1991.

<sup>4</sup> "FCC Proposes Clamp Down on 900-Number Services," *Congressional Quarterly*, March 16, 1991, pages 664-666.

Prior to July, 1991 no federal regulations directly governed the 900 services industry. FCC proposed new rules (47 C.F.R. sections 74.710 through 74.714) in March, 1991 provide for the following:<sup>5</sup>

**\* Limitations on the Provision of Pay-Per-Call Services**

Common carriers may provide interstate 900 transmission service only under the terms and conditions required by the new rules.

**\* Preamble**

- (a) Programs must begin with a disclosure message that clearly states the cost of the call. The preamble must disclose all per-call charges. If the call is billed on a usage sensitive basis, the preamble must state all rates, by minute or other unit of time, any minimum charges and the average cost for calls to that program unless the average length of the program cannot be determined, as in the case where the caller is in sole control of the length of the program because of his ability to select portions of the program by entering responses on a touchtone keypad or other device;
- (b) The preamble must accurately describe the information, product, or service which the caller will receive for the fee;
- (c) The preamble must inform the caller that billing will commence only after a specific, identified event following the disclosure message such as a signal tone;
- (d) The preamble associated with interstate 900 offerings aimed at or likely to be of interest to children under the age of eighteen must contain a statement that the caller should hang up unless he or she has parental permission; and
- (e) A caller may be provided the means to bypass the preamble on subsequent calls, unless the charge for those calls has increased since the caller's last use, provided that the caller is in sole control of that capability.

**\* Identification of Information Providers**

The carrier providing interstate 900 transmission service shall provide the name, address, and customer service telephone number of any information provider to whom it provides 900 service, either directly or through another entity such as a service bureau, as well as that information for any other entity to whom the caller might be responsible for paying the 900 service charge. The carrier shall provide that information upon verbal or written request.

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<sup>5</sup> FCC Notice of Proposed Rulemaking In the Matter of Policies and Rules Concerning Interstate 900 Telecommunications Services.

\* **Blocking of 900 Service**

Local exchange carriers must offer to their subscribers, where technically feasible, an option to block all interstate 900 services. Blocking is to be offered at no charge on a one-time basis to all telephone subscribers.

\* **No Disconnection for Failure to Pay 900 Service Charges**

No common carrier shall disconnect, or order the disconnection of, a telephone subscriber's basic communication service as a result of that subscriber's failure to pay interstate 900 service charges.

On September 26, 1991, FCC adopted new rules as final rules and released the ruling on October 23, 1991. The effective date of the new rules is 30 days after publication in the *Federal Register*. According to FCC staff, the rules should be published in early November. FCC staff noted that four new rules were added to those proposed in March. The Research Department has requested a copy of the final rules and will forward a copy as soon as they are received. It could take several months and perhaps even longer to assess the ramifications of FCC rules and possible congressional actions (discussed below) on service bureaus and other parties to 900 services. The *Kansas City Times* reported on September 26, 1991 that as a result of FCC's new rules, "a Sprint affiliate, Sprint TeleMedia, announced . . . that it was going to drop 90 percent of its 900 number customers."

### Congressional Action

Congress is considering several measures designed to protect callers to 900 lines.

S. 1579 -- 900 Services Consumer Protection Act of 1991 -- regulates pay-per-call service providers. The legislation requires that 900 services provide a preamble (*i.e.*, introductory disclosure message) stating the cost of the call, all per-call charges, and the type of service which the caller will receive for the fee. Further the bill requires local telephone companies to give each subscriber the option of blocking all calls to 900 exchange numbers from each phone and prohibits local telephone companies from disconnecting subscribers for failure to pay interstate 900 number charges. In addition, the bill prohibits the broadcast of automatic dial tones in radio and television advertisements and bans 900 services aimed at children under 12 years of age. The legislation requires also that telephone companies include, in bills sent to subscribers, information describing the rates charged for 900 numbers, the type of service called, and the rights and obligations of callers and the carrier. Other provisions of the legislation require full and clear disclosure of the rates charged for these calls in all advertisements; prohibit the use of 800 (toll free) numbers that automatically connect subscribers to 900 (pay-per-call) numbers; require all 900 carriers to make available on request the name, business address, and phone number of the 900 number service provider; and give FCC, FTC, and the states the authority to enforce the provisions of this legislation. Finally the legislation directs FTC and FCC to conduct studies on the need for further regulation of these services.<sup>6</sup>

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<sup>6</sup> *Summary Report Congressional Action and Related Bills, October 2, 1991.*

H. 2330 -- Audiotext Industry Obligations and Consumer Rights Act -- is a bill similar to S. 1579. The proposed legislation requires FCC to complete a rulemaking proceeding to establish a system for the oversight and regulation of audiotext services. It requires the FCC's final rules to:

1. include measures that provide a consumer of audiotext services with adequate and clear descriptions of the rights of the caller;
2. define the obligations of common carriers with respect to the provision of such services;
3. include requirements for carriers to protect consumers against abusive practices by providers of services;
4. prohibit customers from being disconnected from local exchange services for refusal to pay for such services; and
5. identify procedures by which common carriers and providers of services may take affirmative steps to protect against nonpayment of legitimate charges.<sup>7</sup>

### State Regulation

The state public utility commissions have jurisdiction over 976 and 960 services -- the intrastate version of 900 services -- as well as some billing and collection functions of 900 services. State agencies may be authorized as well to prosecute information providers who violate deceptive practices and state lottery laws.

Many state public utility commissions currently regulate the providers of pay-per-call services. A few state legislatures also have considered bills relating to pay-per-call services. California was the first state to have enacted pay-per-call legislation (Ch. 1317, Statutes of 1990). California's law includes price disclosure and a delayed time period during which callers can disconnect without charge. This year Virginia passed a law mandating disclosure of price and content of programs, delayed timing for charges, and itemization of charges on customers' bills.

The National Conference of State Legislatures provided the following summary of approaches states have considered or implemented to regulate 900 and 976 types of services, including examples of states using a particular approach. The source of the regulation for states other than California and Virginia is the state public utility commission.

1. Require or allow free blocking of calls to 900-type numbers, where practicable -- examples: Arizona, Delaware, Georgia, Kansas, Oklahoma, Minnesota, and Rhode Island.
2. Establish cap on charges a customer can incur for calls -- example: Georgia.
3. Prohibit disconnection of local service for nonpayment of pay-per-call charges -- examples: Nebraska, North Carolina, Tennessee, Washington, and Iowa.

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<sup>7</sup> *Summary of Congressional Legislative Action and Related Bills*, October 2, 1991.



4. Allow customer to disconnect the call during the introduction without incurring a charge -- examples: California, Massachusetts, Connecticut (pending), and Virginia.
5. Require disclosure of charges at beginning of call -- examples: Georgia, Massachusetts, Pennsylvania, and Connecticut (pending).
6. Require disclosure of charges in advertising -- examples: West Virginia (pending), and Virginia.
7. Require telephone company to furnish detailed information on pay-per-call charges on customer's bill -- example: Virginia.
8. Prohibit or regulate services directed at children -- example: Washington (pending).

In regard to activities of the Kansas Corporation Commission (KCC), Karen Matson of KCC provided the following information. In December, 1986, Southwestern Bell filed for 976 service. KCC denied the filing on the rationale that blocking was not available to all customers across the State of Kansas. In May, 1990, Multiquest (*i.e.*, AT&T) filed for 976 services. Again, KCC denied the filing because blocking was not available across the state. According to Ms. Matson, blocking is available to residential customers free of charge in certain areas of the state; however, at this time it is not technically feasible to offer blocking in all areas of the state. Recently, Sprint filed to provide 976 services, and the filing is under investigation. According to Ms. Matson, the filing will be reviewed in light of the recent FCC regulations.

Steve Boyd, Public Information Office, KCC, noted that 42 complaints had been reported to KCC in CY 1990 and, as of August, 1991, there have been 50 complaints in CY 1991.

### Industry Self-Regulation

The pay-per-call industry is involved in self-regulation. The industry's two trade groups, the IIA and the National Association for Information Services, have drawn up voluntary industry standards. In addition, each of the four major interexchange carriers (AT&T, Sprint, MCI, Telesphere) also has established internal guidelines to protect consumers from unfair and deceptive practices and to ensure the disclosure of price and service information. On March 15, 1991 updated guidelines went into effect at AT&T to require 900-service providers to cap at \$4 all program charges for children under 12. Preambles stating the cost of the call also are now required for all children's programming and any other calls priced more than \$5 per minute or a total of \$10. Sprint has a similar preamble requirement and caps children's programming at \$1.50 per minute and \$3 per call. MCI imposes a \$4 per call maximum for 900 calls aimed at children and require a preamble for calls priced more than \$5 per minute. Telesphere does not accept 900 programming targeted at children and requires a preamble for its "group access bridging" party lines.<sup>8</sup>

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<sup>8</sup> "FCC Proposes Clamp Down on 900 Number Services," *Congressional Quarterly*, March 16, 1991, pages 664-666.

With respect to other forms of regulation, the 900 number industry cautions against regulatory efforts that would stifle 900 services' growth. Moreover, the National Association of Attorneys General subcommittee on 900 numbers recommended that state and federal legislation be enacted to prescribe a comprehensive system of regulation to oversee all aspects of the 900 industry along with enforcement and oversight procedures that will ensure the protection of consumers.

#### **Supporting Information**

All information referred to in the memo is on file in the Research Department. For your reference, I have attached copies of the Virginia and California laws as well as the Model State Legislation proposed by a Subcommittee of the National Association of Attorneys General.



February 13, 1992

The Honorable George Dean  
Chairperson - House Committee on Computers,  
Communications and Technology  
House Post Office  
State Capitol  
Topeka, Kansas 66612

Dear Mr. Chairman:

In hearings conducted last week by your Committee into the appropriateness of current "900" consumer safeguards, questions were raised as to the role played by "service bureaus." Along with witnesses from AT&T, MCI, and the KCC, I provided the committee my understanding of the concept, with a commitment to provide any additional information that could further explain the role of a "service bureau".

As the applications for "900" service have grown, a proliferation of smaller enterprises and entrepreneurs have entered the market in order to provide "900" numbers for specific "information on demand" applications. The purpose of a "service bureau" is to enable virtually any individual with an idea for a "900" offering to enter the business.

The service bureau does this by furnishing to the "900" offeror the equipment necessary to begin offering the service. The service bureau further adds value to the service offering by providing, among other things, marketing, public relations, human resources, and sales expertise. The service bureau and "900" offeror, in effect, form a joint venture in which they combine their expertise in order to most effectively bring the "900" service application to the marketplace.

I hope this information completes the picture we began during discussions before your committee. In the meantime, please let me know if there is additional information you may require as to any aspect of "900" service or to Sprint's role in the industry.

Yours truly,

A handwritten signature in dark ink, appearing to read "PS:sl".

Paul S. Sieracki  
Staff Director - Government Affairs  
Central Group

PS:sl

cc: Members, CC&T Committee

House CCT  
Attachment 2  
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SUMMARY OF FCC ORDER  
DOCKET 91-65

**Preamble**

- Para.18 o Preamble must be placed on:
- ALL usage sensitive programs.
  - ALL programs over \$2.00 per call.

Para.19 NOTE: includes asynchronous programs.

- Para.7 o Preamble must contain:
- Name of information provider.
  - Brief description of service.
  - Price of transaction:

- Para.20-23
- \* Usage sensitive price by unit of time.
  - \* Minimum charge if any.
  - \* Average cost of usage sensitive call unless length determined by caller.
  - \* Total price if predetermined length.

Para.11 - Inform caller billing will not start until after preamble and that caller may hang up before program begins without charge.

Para.30 o Billing for usage sensitive calls may only begin after preamble ends.

**Parental Permission Warning**

Para.35 o A statement that the caller should hang up unless he/she has parental permission must be in the preamble of all programs "aimed at or likely to be of interest to" children under eighteen.

**Preamble Bypass**

Para.38 o Callers may bypass preamble however, bypass mechanism must be disabled for 30 days after a program price increase.

**Blocking**

Para.46 o Where technically feasible, LECs must offer residential and business subscribers the option to request blocking of 900 service.

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- Para.47 - Residential Blocking-Free to subscribers in following categories:
- \* Subscribes for an initial period of time when blocking first available.
  - \* New subscribers.
  - \* Subscribers who dispute or question a 900 charge for the first time.
- Request for removal of 900 blocking must be made in writing.

#### Disconnection of Basic Communication Service

- Para.64 o Common carriers are prohibited from disconnecting or ordering the disconnection of residential or commercial telephone subscribers "basic communications service" due to failure to pay interstate 900 charges.

#### Automated Collect Calls

- Para.70 o Common carriers are prohibited from providing transmission services for programs which initiate calls to consumers unless called party has to take affirmative action to accept the collect call.

#### Autodialer Line Seizing

- Para.73 o Autodialer delivering a recorded message must use current capabilities to disconnect promptly.

#### Dual Tone, MF Tones

- Para.79 o Carriers are prohibited from providing transmission service to any pay per call program that employs tones generated in advertising to complete a call to the pay per call program.

#### State Regulation of 900 Services

- Para.86 o FCC preempts state imposed preamble requirements due to absence of ability to identify intrastate 900 calls. A state preamble requirement would require application of state requirements to interstate 900 service.

**GUIDELINES**

**FOR**

**AT&T MULTIQUEST®  
PREMIUM BILLING SERVICES**

**(June, 1991)**

*House CCT  
Attachment 4  
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# GUIDELINES

## AT&T MULTIQUEST® PREMIUM BILLING SERVICES

This document identifies the content and advertising guidelines for Premium Billing for Sponsor programs that utilize AT&T MultiQuest Interacter, MultiQuest HICAP, MultiQuest Broadcaster and/or Call Acknowledgement (Call Counter) tariffed services. All Sponsor programs must also comply with the requirements set forth in the Billing Services Agreement. These Guidelines are incorporated in full and are part of the Billing Services Agreement.

AT&T reserves the right to:

1. Modify these Guidelines at any time.
2. Impose conditions, not specifically identified in these Guidelines, on AT&T's provision of Premium Billing Services for any program.
3. Consider factors not specifically identified in these Guidelines in determining whether to provide Premium Billing Services for any program.

**THESE GUIDELINES DO NOT CONSTITUTE LEGAL ADVICE.**

**THEY ARE MINIMUM STANDARDS THAT A SPONSOR MUST MEET BEFORE AT&T WILL AGREE TO PROVIDE PREMIUM BILLING FOR ANY PROGRAM. IF A SPONSOR HAS ANY QUESTIONS ABOUT THE LEGALITY OF HIS PROGRAM, HE SHOULD CONSULT HIS OWN ATTORNEY.**

## GENERAL REQUIREMENTS

### PRESALES ACCEPTANCE

For all programs, AT&T

- . Will review the proposed message and advertising for the program.
- . Requires from all intermediary customers (e.g., service bureaus) the name, address, and customer service telephone number of the Information Provider.
- . Requires a descriptive name of up to 10 characters which will appear on the caller's bill. Failure to provide such a name will result in AT&T's assigning a descriptor of its own choice.
- . Reserves the right to request that the Sponsor at any time to furnish a written transcript or audiotape of the program.



## PROHIBITIONS

AT&T WILL NOT PROVIDE PREMIUM BILLING FOR ANY PROGRAM WHOSE MESSAGE CONTENT OR PROMOTIONAL MATERIALS CONTAIN:

- . Vulgar language, explicit or implicit descriptions of violence or sexual conduct, adult entertainment, or incitement to violence.
- . Inflammatory or demeaning portrayals of any individual's or group's race, religion, political affiliation, ethnicity, gender, sexual preference, or handicap.
- . Criticism or disparagement of the general use of telecommunications or computer products and services.
- . Material that is unlawful, highly controversial or that may generate widespread adverse publicity or that may result in regulatory or legislative activity that could tend to affect adversely AT&T's ability to conduct its business.
- . GAB lines, chat lines, or other live group interaction programs, where the sole purpose is for callers to interact with one another for social or entertainment reasons. (This excludes Conference Lines described below.)
- . Multi-level marketing or "pyramid" schemes.
- . False, misleading or deceptive advertising.
- . Commentary adverse to the policies or practices of AT&T or its subsidiaries.

AT&T WILL NOT PROVIDE PREMIUM BILLING SERVICES FOR ANY PROGRAM:

- . That is promoted or advertised by means of automatic dialing equipment (autodialers).
- . Where a caller is required to dial additional 900 numbers in order to obtain the service advertised.
- . That uses radio or TV advertising where an electronic tone signal is emitted during the broadcast of the ad and automatically dials the 900 telephone number.
- . Where the Sponsor refuses to provide AT&T with the name, address, and customer telephone number of the information provider (if different from the Sponsor).

## PREAMBLES

AN INTRODUCTORY MESSAGE, OR PREAMBLE, IS REQUIRED ON ALL PROGRAMS (EXCEPT BROADCASTER AND CALL COUNTER):

- Where the charge to the caller is more than \$5 per minute
- Where total charges to the caller, including minimums or other billed charges associated with the service, are more than \$10 per call or have the potential to be more than \$10 because the caller controls the length of the call.
- Directed at children age 12 years of age or under. (See Children's Programs below.)

THE PREAMBLE SCRIPT WILL BE REVIEWED BY AT&T AND MUST NOTIFY CALLERS OF THE FOLLOWING INFORMATION:

- A clear and accurate description of the program
- Charges for the program per call or per minute, including any minimum charges and minimum period of time required in order to receive the advertised information or service.

FOR ALL PROGRAMS REQUIRING A PREAMBLE, THE SPONSOR MUST PURCHASE THE 18-SECOND CALLER GRACE PERIOD.

- From the time the call is answered at the Sponsor's premises, the period for the preamble message must be no longer than 15 seconds, and callers must be provided with a minimum of 3 seconds after the end of the introductory message in which to hang up before billing begins. (A period of dead silence is not required--the Sponsor's program may actually begin after the required information has been disclosed--but billing of the caller will not begin until after the 18th second.)

SPONSORS SHALL DISABLE, FOR A PERIOD OF 15 DAYS, ANY BYPASS MECHANISM AFTER THE INSTITUTION OF A PRICE INCREASE.

## ADVERTISING REQUIREMENTS

ALL ADVERTISEMENTS AND OTHER PROMOTIONS USED TO INDUCE CALLS TO THE PROGRAM, WHETHER IN PRINT, TV, OR RADIO, MUST:

- Disclose all material conditions for the purchase in such a manner that the general public may correctly understand the nature of the program and its associated charges. All conditions that must be met to obtain the advertised service must be identified (i.e., separate processing fees).
- Comply in full with applicable federal and state laws prohibiting unfair, false, deceptive, and misleading advertising and trade practices.
- Contain truthful statements about the program and not omit significant information about the program.
- Disclose any limitations on the program's availability (e.g., age, time of day to call, geography, closing date of program).
- Contain the Sponsor's or Information Provider's name and city and state of business or customer service telephone number.
- Advise callers under 18 to obtain parents' permission before calling, where there is the potential for minors to be attracted to the program.
- Notify the caller of any requirement for Touch-Tone capability in clear language conspicuously displayed underneath the 900 number and price.

FOR PRINT AND BROADCAST T. V. ADVERTISING, THE ABOVE REQUIREMENTS APPLY, AND IN ADDITION:

- Accurately disclose, in Arabic numerals, the charges per-call or per-minute, including any minimum dollar requirements and any minimum period of time required in order to receive the advertised information or service.
- Display charges immediately above, below, or next to the 900 number in type size that can be seen as clearly and conspicuously at a glance as the 900 number. AT&T reserves the right to determine the appropriateness of the type size.
- Age limitations should appear immediately above, below, or next to the 900 number and price.
- Conspicuously display caller requirements for Touch-Tone capability underneath the 900 number and price.

IN ADDITION, FOR BROADCAST T.V. ADVERTISING:

- Charges, including any minimum dollar requirements and time limit requirements, must be announced every time the 900 number is displayed.
- Charges, in Arabic numerals, must be shown on the screen for the same duration as the 900 number is shown, each time the 900 number is shown.

**FOR ADVERTISING WHICH TAKES PLACE DURING A TELEPHONE CALL:**

- The ad script must accurately describe the message content and all charges and minimums for the 900 numbers (tag lines) advertised on the call, and those tag lines must comply with all applicable federal, state, and local laws.
- The above guideline applies to 800 numbers and regular long distance numbers which require the caller to dial a 900 number in order to receive the information or service offered. Such requirement, including charges and minimums for all calls, must be clearly described in all advertising and promotional materials.

**NO ADVERTISEMENTS FOR A SPONSOR'S PROGRAM MAY USE ANY TRADEMARK, SERVICE MARK, OR LOGO OF AT&T, NOR INDICATE THAT AT&T ENDORSES, AUTHORIZES, APPROVES, OR IS ASSOCIATED WITH THE PROGRAM IN ANY WAY, WITHOUT AT&T'S EXPRESS WRITTEN PERMISSION.**

## **GUIDELINES FOR SPECIFIC PROGRAM CATEGORIES**

### **CHILDREN'S PROGRAMS**

INCLUDES ANY PROGRAM WHOSE MESSAGE CONTENT OR PROMOTION IS DIRECTED AT CHILDREN 12 YEARS OF AGE AND UNDER.

AT&T REQUIRES THAT SPONSORS OF CHILDREN'S PROGRAMS COMPLY WITH THE FOLLOWING GUIDELINES:

- . On all calls, a preamble is required which:
  - Provides message content
  - Provides per-call or per-minute charges, including minimum dollar requirements and any minimum period of time required in order to receive the advertised information or service.
  - States that if the caller does not have parental approval, they should hang up immediately.
  - A notification of the time within which the caller may hang up before charging begins.
- . Sponsor shall not implement a preamble bypass mechanism.
- . A Caller Grace Period must be purchased on all children's programs.
- . The advertising must clearly state in writing (and by voice in broadcast advertising), in age-appropriate language:
  - A description of the program
  - Per-minute or per-call charges, including all minimums
  - A direction to ask a parent's permission before calling the 900 number. (For example, "This call will cost \$1.00 for the first minute and \$.45 for each additional minute," and "Ask your mom or dad if it's OK before you call.")
- . Sponsors must agree to 100% automatic adjustments by AT&T to callers requesting refunds for unauthorized children's calling.
- . Charges must be capped at \$4.00 per call. Where technically feasible, Sponsors should limit the number of calls that may be accepted by the 900 number and charged to an individual calling number.
- . Children may not be asked to make a recorded statement that includes their names, addresses, or telephone numbers, or other identifying information.
- . A children's program may not require an additional purchase for the complete message to be received (e.g., the purchase of a book or toy, the viewing of a

pay TV show, or the placement of another premium-billed 900 call to find out the ending of a story). Programs that require the viewing of a free TV program to obtain the complete message should be avoided.

- . Sponsors may not require or urge children to submit parent's phone bills.

AT&T STRONGLY RECOMMENDS THAT ADVERTISEMENTS FOR PROGRAMS DIRECTED AT CHILDREN ALSO COMPLY WITH THE FOLLOWING GUIDELINES:

- . Include a warning to dial the number carefully.
- . Not use imperative language, such as "call now." Instead, use words such as "you can call."
- . Ads should run for a minimum of 30 seconds, so that complete information can be presented to and understood by the child.
- . Include a visual of a child listening to a program with a supervising adult. This visual should be at least five seconds in length and placed at the end of the ad.
- . If the program consists of a recorded message from an individual or a fictional character, the ad should state that the caller will "hear about" or "listen to a story about" the person or character, and not state or suggest that the caller will "talk to" the person or character.
- . If the length of the children's program is stated in its advertising, the program should run for that entire period. Any references to other programs, products, or services should come after the advertised period and should be identified as advertising.
- . When an information-only or entertainment-only service is provided, Sponsors should avoid using products, especially toys, in program advertising.

### CONFERENCE LINES

INCLUDES LIVE, INTERACTIVE PROGRAMS WHERE THE PURPOSE OF THE CALL IS LIMITED TO GOVERNMENT, BUSINESS, PROFESSIONAL (I.E., DOCTOR, LAWYER, CPA, ETC.), EDUCATIONAL, OR NON-CHILD-ORIENTED SPORTS TOPICS. SPONSORS MUST COMPLY WITH THE FOLLOWING:

- The program must be limited to a specified period of time, for example, one or two hours, or weekly for one or two hours, with a definite start and stop; and
- The program must be led by a moderator with a specific agenda.

SPONSORS MUST BLOCK STATES IN LEC TERRITORIES WHERE SUCH OFFERS ARE PROHIBITED.

### CREDIT/LOAN INFORMATION PROGRAMS

PROGRAMS WHICH OFFER INFORMATION ON HOW TO OBTAIN CREDIT (LOANS OR CREDIT CARDS).

- Advertising must clearly and conspicuously disclose all conditions on the availability of credit. Examples of such conditions are: requirement of collateral deposit or purchase from a given catalog, processing fees, and limitations on availability.
- Financial Institution making credit offer must submit written certification from its attorney of compliance with all laws governing such offers, including but not limited to registration requirements, in every state where program is promoted.
- Sponsors must agree to 100% automatic adjustments by AT&T to callers requesting refunds if total price of the call exceeds \$10.
- Callers must not be required to make a second call (either caller-paid or toll-free) to obtain the advertised information or service.
- Sponsor must block states in LEC territories where such offers are prohibited (e.g., this type of program is prohibited in Southwestern Bell Territory). See Appendix A for list of states.

## FULFILLMENT

PROGRAMS WHERE THE PREDOMINANT PURPOSE OF THE CALL IS TO PROVIDE VALUE-ADDED INFORMATION (NOT PRODUCT SALES), WITH A SUPPLEMENTAL TANGIBLE ITEM SENT FREE OF CHARGE TO THE CONSUMER AFTER THE COMPLETION OF THE CALL. (FOR EXAMPLE, LISTEN TO SAMPLE CUTS FROM ROCK STAR'S NEW ALBUM, VOTE FOR FAVORITE SONG, AND RECEIVE FREE ALBUM.)

- Price is limited to no more than \$20 per call.
- Sponsors must agree to 100% automatic adjustments by AT&T to all callers requesting refunds.
- The advertising and script must contain an 800 number or business name and full address for callers to obtain additional information or to follow-up on items not yet received.
- Sponsors must block states in LEC territories where such offers are prohibited. For example, in U. S. West territory, unless the tangible item is duplicative of or incidental to the information on the call, blocking must be implemented. In states billed by Southwestern Bell, printed materials only are permitted up to a value of \$10. (See Appendix A for list of states in these RBOC territories.)



## FUNDRAISING

INCLUDES ANY PROGRAM THAT SOLICITS FUNDS FOR CHARITABLE, NON-PROFIT, OR POLITICAL ORGANIZATIONS.

AT&T'S REVIEW OF ADVERTISING AND SCRIPTS AND THE APPLICATION OF THESE GUIDELINES DO NOT CONSTITUTE COUNSELING OR LEGAL ADVICE FOR FUNDRAISERS. AT&T IS NOT REGISTERED AS FUNDRAISING COUNSEL IN ANY STATE AND DOES NOT UNDERTAKE TO PROVIDE SUCH ADVICE.

SPONSORS MUST BLOCK STATES IN LEC TERRITORIES WHERE FUNDRAISING IS PROHIBITED. (CHECK WITH THE MULTIQUEST® ACTION CENTER FOR THE MOST RECENT LIST.)

### 1. CHARITABLE AND NON-PROFIT ORGANIZATIONS

#### - Solicitation Programs (Requests For Donations)

Programs which explicitly solicit contributions for a charity or non-profit organization require the following items to be submitted to AT&T:

- . Charitable or non-profit entity's IRS Form 501(c)(3)
- . Written certification, on the charity's or non-profit organization's letterhead, of the organization's registration in the states where it is operating. If an agent of the charity or non-profit organization is operating as a professional solicitor or fundraiser, the charity or non-profit entity must submit written certification that the agent complies with all statutory requirements (including registration and bonding).
- . Draft advertisement for the program disclosing the name, national headquarters street address, and year of inception of the charitable or non-profit organization.
- . AT&T reserves the right to request additional documentation or specific language for ads on a case-by-case basis.

**SPONSORS OF SOLICITATION PROGRAMS FOR CHARITABLE AND NON-PROFIT ORGANIZATIONS MUST AGREE TO 100% AUTOMATIC ADJUSTMENTS BY AT&T FOR CALLERS WHO REQUEST REFUNDS.**

#### - Commercial Programs

Programs where a charity or non-profit organization provides value-added information, rather than explicitly solicits donations, must meet the following requirements:

- . Compliance with all the requirements for Solicitation Programs listed above.

- . A copy of the advertising copy and telephone script must be submitted upon initial application for Premium Billing Services. AT&T must be notified of any material changes to the advertising and scripts.

- PROGRAMS WHERE AN INFORMATION PROVIDER INDICATES THAT A PORTION OF THE PROCEEDS FOR HIS INFORMATION PROGRAM WILL BE GIVEN TO A SPECIFIC CHARITY OR NON-PROFIT ENTITY REQUIRE THE SPONSOR TO:

- . Include written proof (a statement on the charitable or non-profit organization's letterhead) that such entity agrees with the use of its name.
- . Certify to AT&T, in a letter from the Sponsor's attorney, compliance with state laws and rules regarding charitable solicitation and disclosure of amounts to donated.

## 2. POLITICAL ORGANIZATIONS (POLITICAL CANDIDATES AND COMMITTEES)

INCLUDES PROGRAMS BOTH SOLICITATION AND INFORMATIONAL POLITICAL PROGRAMS. IF A PORTION OF THE PREMIUM-BILLED CHARGES FOR A PROGRAM WILL BE REMITTED TO A POLITICAL CANDIDATE OR COMMITTEE, THE FOLLOWING GUIDELINES MUST BE MET:

- The program script and the promotional materials should clearly state that a portion of the charges will be remitted to a political organization.
- The program script and advertising must identify the political organization.
- A message should be included at the beginning of the program identifying the person who has authorized and paid for the program, and stating that a contribution to the political organization is not tax-deductible.
- An application for a program for political fundraising must include:
  - . A general representation and warranty that the Sponsor and the political organization will comply with all applicable federal, state, and local laws during the term of the program.
  - . For programs for candidates for federal office or political organizations registered at the Federal Election Commission (FEC), a representation and warranty that the Sponsor will comply with Section 432(b) of Title 2 of the United States Code [2 U.S.C. §432(b)] and Section 102.8 of Title 11 of the Code of Federal Regulations (11 C.F.R. §102.8), which require the Sponsor to forward to the treasurer of the political organization:
    - . All funds (after deducting its fees and expenses), within 10 days of receipt;
    - . A copy of the Call Detail Report listing the telephone numbers recorded by Automatic Number Identification (ANI), within 2 days of receipt.

A letter from the treasurer of each political organization that is registered at the FEC that contracts with the Sponsor stating that the treasurer agrees to the following guidelines:

- . The treasurer will agree to abide by Section 103.3 of Title 11 of the Code of Federal Regulations (11 C.F.R. §103.3) with regard to the receipt, deposit, and refund of contributions raising genuine questions of legality.
- . The treasurer will utilize the telephone numbers of callers provided by AT&T to identify subscriber names and addresses. Contributions from subscribers which may not be accepted (i.e., corporate or union subscribers) will be returned by the treasurer or his agent. Contributions from individuals who have previously contributed the maximum permitted by law will also be returned by the treasurer or his agent.
- . The treasurer will request the Sponsor to record caller name, address, and telephone numbers. For subscribers that cannot be identified through ANI, the treasurer will:
  - o Request the transcription of this information and utilize it to identify additional contributors and/or
  - o telephone unidentified numbers to obtain the subscriber's name and address.

Contributions that cannot be identified after following these procedures must be considered anonymous contributions per Section 110.4(c)(3) of Title 11 of the Code of Federal Regulations [11 C.F.R. §110.4(c)(3)]. The treasurer may retain any unidentifiable contribution under \$50 from a single telephone number. All other unidentified contributions may not be accepted by the treasurer but may be used for any lawful purpose unrelated to any federal election.

- . For programs in which advertising may stimulate telephone calls from outside the United States (i.e., candidates in states along the Mexican or Canadian border), the treasurer must agree to Numbering Plan of America (NPA) blocking for area codes in those countries.
- . The treasurer will compare the identity of contributors and record all contributions of subscribers who have contributed more than \$50 in the same year.
- . Records need not be made for other contributions of less than \$50. Instead, the treasurer need only record the date and total amount of funds received from the program.
- . The treasurer must report all expenditures for the program, including the funds withheld by the Sponsor to cover its fees and expenses. The treasurer should identify the Sponsor as the recipient of all funds withheld from contributions received.

. The Sponsor must agree to provide 100% automatic adjustments by AT&T for callers who request refunds.

## GAMES OF CHANCE

INCLUDES ANY TYPE OF GAME OF CHANCE OR CONTEST, SWEEPSTAKES, CONTEST LISTING, OR INFORMATION THAT INVOLVES THE USE OF A 900 CALL TO A PROGRAM AS ONE OF THE MEANS OF ENTRY OR QUALIFYING FOR A PRIZE OR AWARD.

AT&T'S STANDARDS FOR GAMES OF CHANCE ARE MINIMUM GUIDELINES THAT A SPONSOR MUST MEET BEFORE AT&T WILL AGREE TO PROVIDE BILLING SERVICES. GAMES OF CHANCE ARE SUBJECT TO FEDERAL AND STATE LAW, AND A SPONSOR IS REQUIRED BY THE BILLING SERVICES AGREEMENT TO REPRESENT AND WARRANT COMPLIANCE WITH THESE LAWS.

**AT&T'S GUIDELINES DO NOT CONSTITUTE LEGAL ADVICE.**

IF A SPONSOR HAS ANY QUESTIONS ABOUT THE LEGALITY OF HIS PROGRAM, HE SHOULD CONSULT WITH HIS OWN ATTORNEY.

- SPONSORS MUST PROVIDE AT&T WITH:

- . All advertising copy
- . A complete program script
- . The official rules of the game or contest, which include a disclosure of price.

- THE GAME MUST BE ONE WHERE A PRIZE OF NO VALUE, OR ONLY A PURELY NOMINAL PRIZE (E.G., A MUG, T-SHIRT, OR OTHER ITEM WORTH \$5.00 OR LESS) IS AWARDED;

OR

- IF A PRIZE OF VALUE IS AWARDED:

- . The game must be operated as a means of promoting goods or services (other than the game itself);
- . A no-purchase alternative method of participating must be available which provides all entrants (no-purchase and 900 phone-in) with an equal chance of winning.
- . Prizes may not be financed from the proceeds of the Sponsor's premium-billed charges.
- . The amount or value of the prize awarded may not be dependent upon the number of entries received.
- . The selection of a winner may not be dependent on the outcome of a future sporting contest or other future contingent event not under the participant's control (other than the random selection of an entry).
- . An information service or message (other than just a chance to win) must be provided on the call to the 900 number.

- FOR ALL GAMES OF CHANCE THAT ARE ACCEPTED FOR PREMIUM BILLING, THE FOLLOWING STATEMENTS MUST BE INCLUDED IN THE OFFICIAL RULES AND IN ALL BROADCAST OR PRINT ADVERTISING OF THE GAME:

- . A disclosure of all charges.
- . A statement that no purchase is necessary to participate and a description of the means of free entry.
- . A statement listing the specific states where the game is prohibited or restricted by law.
- . The Sponsor's or Information Provider's name.
- . The geographic area where the game is available.
- . The starting and closing dates of the game.
- . Any age restrictions for participants.
- . A statement that promotion details and complete official rules are available at participating businesses or from the Sponsor at a designated address.
- . A statement that the game is subject to the complete official rules.
- . If minors are eligible to participate, a statement that persons under age of 18 should get parents' permission prior to calling the 900 number.
- . No statement may be made indicating that AT&T is a Sponsor of the game.

## POSTCARD SWEEPSTAKES

"POSTCARD SWEEPSTAKES" ARE GAMES OF CHANCE OR SWEEPSTAKES THAT URGE A CALLER TO DIAL A 900 NUMBER TO CLAIM A PRIZE. ADVERTISING FOR THE PROGRAM, GENERALLY ACCOMPLISHED BY MEANS OF A POSTCARD OR OTHER DIRECT MAIL ADVERTISEMENT, STATES THAT THE CALLER WILL DEFINITELY BE AWARDED A PRIZE OR PRIZES IF HE PLACES A CALL.

AT&T MAY PROVIDE PREMIUM BILLING SERVICES FOR "POSTCARD SWEEPSTAKES" THAT COMPLY WITH THE FOLLOWING GUIDELINES:

- The program must comply in full with the guidelines for games of chance listed above.
- All advertising for the program (e.g., the direct mail piece) must comply with the advertising guidelines listed above, and in addition, must include the following information:
  - . The verifiable retail value of each prize;
  - . A statement as to whether all prizes will be awarded;
  - . The odds of winning each prize; and
  - . A complete description of each prize, including any conditions on its award. Following are some examples:
    1. "Florida Dream Vacation" which consists of a free two-night stay at a Florida hotel. The advertising must disclose the expiration date of the offer, location(s) of the hotels and the fact that taxes, travel, meals, and other expenses are the responsibility of the "winner."
    2. "\$200 Savings Certificate" which consists of a coupon worth \$200 off selected merchandise. The advertising must disclose the expiration date of the offer and must describe the merchandise, including its price, for which the coupon can be used.
- The Sponsor or Information provider must provide to AT&T, for each program of this type, a written opinion of the Sponsor's or Information Provider's legal counsel, stating that such attorney has reviewed the program and finds it to be in compliance with all applicable federal and state laws.
- AT&T reserves the right to impose other conditions, not expressly included in these guidelines, before it agrees to provide premium billing for any "postcard sweepstakes."
- In the event that AT&T receives any complaints about any "postcard sweepstakes" program for which it has agreed to provide billing services, AT&T reserves all rights granted to it under the Billing Services Agreement, including but not limited to immediate terminating of billing services and escrow of all premium billing proceeds.

## JOB INFORMATION LINES

INCLUDES ANY PROGRAM WHICH INDICATES OR SUGGESTS THAT THE CALLER SHOULD CONTACT SPECIFIC COMPANIES TO OBTAIN EMPLOYMENT. SPONSORS MUST:

- Certify in writing to AT&T that all job ads exist and are current.
- Remove from the program script, within one day, job ads that have closed.
- Fully disclose in all advertising for the program locations where jobs are available.
- Furnish AT&T with a letter from the Sponsor's attorney certifying that the program complies with all applicable federal, state, or local laws, including but not limited to
  - . requirements for bona fide job orders from each employer whose job ad is listed,
  - . licensing and bonding requirements, and
  - . limitations on the type of fees that a job applicant may be charged prior to securing employment, e.g., 900 charges.  
(See Appendix B for listing of states.)
- Implement blocking of states where such laws are in place and compliance cannot be warranted.

FOR PROGRAMS WHERE NO SPECIFIC JOB ADS ARE PROVIDED TO THE CALLER, BUT RATHER, THE NAMES OF COMPANIES ARE LISTED AS POTENTIAL EMPLOYERS FOR EXAMPLE CAREERS DESCRIBED, THE SPONSOR MUST:

- Provide AT&T with proof of authorization to use company names;
- Indicate in all advertising and in the program script that the companies named are only potential employers, who may not have openings at the time the caller contacts them.

## PERSONAL LINES

INCLUDES THE FOLLOWING TYPES OF PROGRAMS: ROMANTIC STORIES, PERSONAL BULLETIN BOARDS, DATING LINES, INTRODUCTION LINES, CONFESSION LINES, SOUND-OFF LINES, AND "ONE-ON-ONE" LINES.

- Sponsors must screen caller messages, in order to determine compliance with AT&T Guidelines, where programs involve the leaving of personal messages.
- Sponsor advertising must include either a statement that individuals under the age of 18 must seek parental permission before calling, or a statement that callers must be 18 years of age to call.
- Before broadcasting any personal messages, Sponsor must review each message to confirm that each caller:
  - . Is at least 18 years of age. Sponsor should describe in writing to AT&T how he will verify caller's age, i.e., asking date of birth or whether caller has a major credit card.
  - . Has authorized the broadcast of the personal message;
  - . Has provided accurate information.
- Sponsor should review the transmission quality of recordings to ensure the information can be accurately heard.
- Sponsor should recommend that callers not use home or office telephone numbers for messages. A suggested alternative might be electronic mailboxes set up by the Sponsor.
- For "One-on-One" lines,
  - . Sponsor must provide a written description of the methods used to screen callers to make sure that callers are at least 18 years of age (e.g., asking for date of birth or credit card information).
  - . Sponsor must provide copies or scripts of all advertisements (including ads for tag lines) used to promote these programs.
  - . Called party must disclose immediately that they are an employee of the sponsoring information provider.

## PROFESSIONAL SERVICES

INCLUDES PROGRAM CONTENT PROVIDED BY INDIVIDUALS UPON WHOM CALLERS WOULD RELY FOR PROFESSIONAL ADVICE, SUCH AS DOCTORS, LAWYERS, TAX CONSULTANTS, ETC.

AT&T reserves the right to impose conditions or to request documentation not specifically identified in these guidelines.



APPENDIX A

STATES IN RBOC TERRITORIES

AMERITECH

Indiana  
Illinois  
Michigan  
Ohio  
Wisconsin

BELL ATLANTIC

Delaware  
Maryland  
New Jersey  
Pennsylvania  
Virginia  
West Virginia

BELL SOUTH

Alabama  
Florida  
Georgia  
Kentucky  
Louisiana  
Mississippi  
North Carolina  
South Carolina  
Tennessee

NYNEX

Maine  
Massachusetts  
New Hampshire  
New York  
Rhode Island  
Vermont

PACTEL

California  
Nevada

SOUTHWESTERN BELL

Arkansas  
Kansas  
Missouri  
Oklahoma  
Texas

U. S. WEST

Arizona  
Colorado  
Idaho  
Iowa  
Minnesota  
Montana  
Nebraska  
New Mexico  
North Dakota  
Oregon  
South Dakota  
Utah  
Washington  
Wyoming

APPENDIX B

STATES WHICH PROHIBIT UP-FRONT CHARGES FOR JOB SEARCH

Arkansas	New York
Colorado	North Carolina
Connecticut	Ohio
Indiana	Oregon
Kentucky	Pennsylvania
Louisiana	South Carolina
Maine	Tennessee
Maryland	Texas
Massachusetts	Utah
Minnesota	Virginia
Missouri	Washington
Montana	Washington, D. C.
New Jersey	Wisconsin

BP3319-01 6/91

BEFORE THE COMMITTEE ON COMPUTERS, COMMUNICATION AND TECHNOLOGY  
February 5, 1992

Presentation of MCI Telecommunications Corporation re 900 Service  
by Eva Powers

MCI Telecommunications Corporation (MCI) is a provider of transport for 900 service. MCI is well aware of the concerns which have been raised regarding certain 900 service programs and practices. MCI shares these concerns and has developed policies and guidelines to meet them. These policies and guidelines are attached to the copy of my remarks which I have left for distribution. I will not discuss them in detail but will focus on MCI's basic 900 safeguards.

1. MCI requires providers of 900 programs to conspicuously disclose price in any 900 advertising.
2. A \$5.00 per minute price cap is in place; \$4.00 per call cap for children's programs.
3. MCI will not bill and collect for the following types of calls:
  - a. Those generated through an autodialer.
  - b. Adult-oriented programs.
  - c. Programs without an explanatory message.
  - d. Fund-raisers, except for non-profits.
  - e. Programs which violate local exchange company restrictions.
  - f. Programs with demeaning content.
  - g. Programs in violation of laws.
4. All messages (except polling applications) must have a recorded message which informs the caller of the charge per call and the nature of the program, and tells the caller to hang up to avoid incurring charges.
5. Consumers must be allowed to block 900 access free of charge.
6. Adult programs should have a separate prefix.
7. Charges for a one-time inadvertent use of 900 services should be written off.

In order to ensure compliance, MCI screens potential 900 customers to ensure consistency with its content guidelines and its billing and collection agreement. MCI also closely monitors complaints.

MCI continues to work with the industry, federal and state regulatory agencies and other law enforcement agencies, specifically the attorney general's offices, to ensure that consumer demand for 900 service is met while maintaining appropriate safeguards.

*House OCT  
Attachment 5  
2-5-92*



## **MCI CONSUMER PROTECTION GUIDELINES FOR 900 SERVICE**

The primary objective of MCI's 900 service policy is to assure that callers are adequately informed of the nature and cost of programs. The following provides a summary of MCI's policies and procedures designed to protect consumers who use 900 service.

### **CONSUMER SAFEGUARDS:**

MCI's billing agreement with its 900 customers (ie., Service Bureaus and Information Providers, or IPs) requires that they include in any advertising conspicuous disclosure of the price of any program and impose a price cap of \$5.00 per minute for all programs. MCI has adopted the following additional consumer safeguards to ensure that consumers understand their rights and obligations in connection with 900 service and to combat the activities of unscrupulous IPs:

- o MCI will not bill and collect for 900 programs that propose to generate calls through the use of an autodialer;
- o MCI will not bill and collect for adult-oriented programming;
- o MCI requires a price cap of \$4.00 per call on all children's programming; and
- o MCI requires that all messages (except polling applications) have a billing delay of sufficient duration to allow a recorded preamble which advises callers of the charge for the call and the nature of the program, and instructs callers to hang-up if they want to avoid incurring 900 charges.

In addition, MCI supports the following regulatory safeguards:

- o A requirement that consumers be able to block access to 900 services, including access to a separate adult prefix, at no charge to the consumer;
- o A requirement that a one-time "forgiveness" of charges be allowed for inadvertent use of the service; and,
- o A requirement that all adult programming be accessed by separate prefix.

### **CONTENT REVIEW:**

MCI prescreens all applications for consistency with both its content guidelines and its billing and collection agreement. Programs that fail to comply, as well as programs that purport to offer "adult" material, will not be offered billing and collection services. For programs that MCI agrees to bill and collect, MCI does and will continue to require that IPs and Service Bureaus certify that they will not provide unlawful material or material which violates any local exchange telephone company's billing policies. In addition, MCI requires that Service Bureaus declare whether their programs are oriented towards children, and certify that they will not use any sales tactics which violate state or federal laws. Any modification to an existing program which conflicts with MCI's policies results in termination of the billing agreement.

Consistent with MCI's legal obligations as a common carrier, we will continue to require an order from a court or regulatory agency before terminating carriage.

### **COMPLAINT HANDLING:**

MCI tracks and records complaints both by Service Bureau and by program. MCI tracks complaints by the type of complaint, such as deceptive sales tactics, objectionable program content, failure to provide goods promised, etc. Information regarding complaints received by MCI with respect to IPs is available to law enforcement agencies on lawful request. In addition, based on this information, MCI will take appropriate action, including terminating billing and collection for a specific program.

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MCI believes that its policy for 900 services results in better consumer protection, less customer confusion and fewer abusive sales tactics. MCI will continue to work with the industry, federal and state regulatory agencies, and other law enforcement agencies to ensure that consumer safeguards are met and to ensure that the relatively new, innovative and competitive 900 service industry will continue to grow in ways which meet consumer demand for legitimate 900 products and services.



FOR IMMEDIATE RELEASE

SPRINT TELEMEDIA NO LONGER BILLS FOR MOST 900 SERVICES:  
COMPANY CLAIMS INSUFFICIENT PROTECTION FOR CONSUMERS

KANSAS CITY, MO., September 24, 1991 -- Sprint TeleMedia, a reseller of Sprint long distance service, today announced it has notified most of its 900 service program providers that it will no longer participate in billing their 900 telephone calls. TeleMedia is a unit of US Telecom, Inc., a United Telecom subsidiary.

In July, TeleMedia announced it would not provide billing and collection for new information service providers who operate romance, credit card and job lines. The new policy extends that ban on billing to all existing providers of those services and also includes such programs as game and horoscope lines.

"We have thoroughly evaluated the status of the 900 market today and find that a number of services currently being offered put consumers at some risk. Consumers say they are often confused about what they are getting with these services. They sometimes misunderstand what using these programs will cost them, and they report they have not gotten good value for their money," said Andrian Toader, general manager for Sprint TeleMedia. "The unfortunate part of this equation is that to insure we can get rid of the bad apples we've had to take the rather extreme action of backing away from better than 90 percent of the current marketplace."

"We voluntarily put in place strict standards in an attempt to limit potential abuse and to help consumers make informed decisions about placing 900 calls. Nonetheless," Toader concluded, "we still find the opportunity is present to allow for abuses of 900 service programs on the part of those vendors who have no interest in providing true value to their customers."

"What this means," Toader explained, "is that we are essentially withdrawing from what currently constitutes the majority of this marketplace. We will continue to serve certain providers of quality programs such as news, stock quotes, sports information, and weather. Such providers generally include government agencies, and companies and associations for which 900 services are minor or additional channels for promotions or revenues. While we continue to believe the 900 service market has real potential for valuable service offerings and is likely to mature into a broad based customer-benefiting arena, it is our judgement that this maturation process has not yet occurred."

House OCT  
Attachment 6

TeleMedia also disclosed that it has been notified by the U.S. Attorney's office in Des Moines, Iowa, that the U.S. Attorney is preparing to seek an indictment on several fraud-related charges of an information service provider who ran a credit care business. Because US Telecom, Inc's TeleMedia unit provided network and billing services to that service provider, US Telecom, Inc. is now also a target of the grand jury investigation.

"Although we believe there is no legal basis to hold long distance companies liable for the wrongdoing of 900 service providers, we share the U.S. Attorney's deep concern that our facilities were used by a 900 service provider in a manner that could have allegedly defrauded the public," said Richard Devlin, general counsel for United Telecom. "We are cooperating fully with the U.S. Attorney's office in this matter."

Devlin pointed out the difficulty of attempting to police the nature of and charges for service offerings handled by many information service providers.

"Although we have publicly demonstrated our efforts to establish comprehensive and tough guidelines for such services," said Devlin, "we find it virtually impossible to insure the protection of the public with any degree of confidence. The number and variety of programs make it impossible to enforce these standards if information providers are intent on circumventing the rules. To further complicate the matter, there are no uniform legal standards with regard to pricing and billing of 900 calls. So the providers themselves are, in effect, free to develop and price such services any way they choose."

This puts the company in the extremely awkward position of being unable to legally deny service to anyone -- regardless of the content of the message, Devlin pointed out. Denying associated billing operations appears to be the only legal recourse open to the company to discourage misuse of the company's network.

Devlin said TeleMedia has a contractual obligation to provide 90 days notice prior to terminating billing for most 900 service providers. Those notices we mailed out today.