

FCC Subpoenas 30 Phone Record Dealers: Will Look at How They Get Call Info from Companies

By Frank Main

Chicago Sun-Times

February 2, 2006

The Federal Communications Commission has subpoenaed more than 30 information brokers to learn how they obtain customers' calling records from telephone companies, according to testimony Wednesday before Congress.

In a hearing before the House Energy and Commerce Committee, the heads of the FCC and the Federal Trade Commission endorsed making the sale of phone records illegal.

Earlier this week, the FCC issued citations against LocateCell.com and DataFind.org for failing to respond fully to subpoenas issued Nov. 9. The FCC warned those companies they could face stiff fines if they don't comply. The FCC contacted the Justice Department to enforce the subpoenas, FCC Chairman Kevin J. Martin testified.

"In addition, we subsequently served another approximately 30 data broker companies with subpoenas and are currently waiting for their response," he said.

The Sun-Times reported Jan. 5 that Chicago Police and the FBI were concerned that criminals could use LocateCell.com to buy officers' phone records and identify informants they were calling. Police also were concerned stalkers could use the service to track down victims.

Although the FCC and FTC have been investigating such services since August, outrage over last month's newspaper stories sparked federal and state legislation. Also, the phone industry -- as well as Attorney General Lisa Madigan -- have recently sued alleged phone record burglars.

Rep. Jan Schakowsky (D-Ill.), a member of the Energy and Commerce Committee, introduced a

bill Tuesday to make it illegal for people to pose as customers or phone employees in order to obtain telephone records, a practice called "pretexting."

"I am proud to say that my state of Illinois has been the leader in the nation on cracking down on pretexting, or posing as others in order to obtain and sell their phone records," she said at the hearing. "The Chicago Sun-Times first broke this story; Sen. [Richard] Durbin [D-Ill.] introduced the first bill in his chamber . . . and I've introduced the Safe Call Act."

EXPERT: BROKERS BOAST OF BIG SALES

The FTC came under fire at Wednesday's hearing for going after information brokers who buy and sell customers' financial information but failing to address phone record theft as vigorously.

"The FTC's known about it [the sale of phone records] since 1998, and they have not brought a single case when it comes to phone records," testified Rob Douglas, an information security consultant. Douglas warned that Internet phone record brokers are boasting their sales have skyrocketed since the issue hit the news recently.

FTC Commissioner Jon Leibowitz said that in recent months, his agency has been investigating companies that appear to be engaging in telephone pretexting. Investigators have surfed Internet sites that sell phone records and they've completed undercover purchases of phone records, he said.

FTC lawyers are weighing evidence to see if law enforcement action is warranted based on deceptive or unfair practices, Leibowitz said.

"We will be able to announce something very soon," he said.

Martin said the FCC also is making sure phone companies have the proper security in place to prevent theft of phone records. On Monday, the FCC proposed fining AT&T Inc. and Alltel Corp. \$100,000 each for not properly certifying they have protected phone calling lists.

INDUSTRY: DON'T MAKE PLANS PUBLIC

Steve Largent, president of the Cellular Telecommunication & Internet Association, testified that companies have taken steps to combat pretexting, such as refusing to provide phone records to customers by e-mail or fax.

Largent endorsed any laws to criminalize phone record pretexting, which he said has given the cell phone industry a "black eye." But he cautioned against any legislation that would require carriers to employ identical security measures or to make those measures public.

"The threat environment is constantly changing, and static rules can quickly become outmoded or easily avoided by the fraudster," Largent warned.