



Exploding The Phone

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Bibliographic Cover Sheet

Title	Though weaponless, telephone security force wields power
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Abstract	Bell Telephone uses its team of security agents, including many ex-FBI agents, to tap telephones for police and to investigate telephone fraud. Former employees file suit against Bell alleging illegal wiretaps.
Keywords	Houston, TX; Bell Telephone Co.; American Telephone and Telegraph Co. (AT&T); blue box; H.W. William Caming (AT&T spokesman); San Antonio, TX; James H. Ashley (plaintiff, suit against Bell, former Bell employee); wiretaps; T.O. Gravitt (deceased, former Bell employee, family plaintiff in suit against Bell); Jerry Slaughter (Bell security cheif, Houston); Jim Russell (Bell sec. agent); James W. Shatto (Bell attorney); Michael Clegg (convicted); Memphis, TN
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Though weaponless, telephon

HOUSTON, Tex. (AP) — They don't wear guns or badges and they can't make arrests, but the Bell Telephone Co. security force is one of the most powerful private police groups in the country.

Federal law allows Bell Telephone to conduct wiretaps for its own use under certain conditions. There is no limit to the number of taps provided the conditions are met. The company does not have to go through a court to run such taps nor report them to the government.

The Bell security organization, many of them ex-FBI agents, conducts

such taps in the 85 per cent of the nation where Bell is "the only phone company in town."

The law permits Bell, or companies like it, to monitor telephone conversation on lines where they have reason to believe telephone fraud against the company may be taking place.

This legal eavesdropping in the Bell System is done by the small, tightly organized group of 665 security agents. They control when, where and how it is done. At least 76 members of that force are former FBI agents.

A spokesman for American

Telephone and Telegraph Co., parent company of the Bell system, said company policy dictates that such wiretaps are only used to investigate cases of "electronic fool" fraud. The spokesman said this means use of a "little blue box" mechanical device to make free phone calls.

The spokesman, Atty. H.W. William Caming, said in rare cases the wiretap law is used to investigate other kinds of fraud against the company.

The Bell security group is the key link for law enforcement agencies which want to establish a legal wiretap of their own. Under Bell company

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policy, the security agents verify all court orders which permit law enforcement officers to wiretap.

Bell officials here said the security agents are usually the only ones who verify court orders.

AT&T's Caming said in New York that company policy requires the agent to run the order through the phone company's legal department for verification. Caming said in rare cases, the agent might skip the legal department procedure, but does so at the risk of his job.

Misuse of this system is prevented, according to one agent, only by "my

integrity and the integrity of those with whom I work."

Strength of that integrity is being questioned on two fronts currently.

A federal grand jury in Houston is investigating charges of illegal wiretapping by police officers. Houston Police Chief Carrol M. Lynn says "sophisticated wiretaps" have been used with the aid and support of Bell employees.

Bell has denied the charges.

In San Antonio, a former Bell executive, James H. Ashley, and the family of a deceased phone official, T.O. Gravitt, have filed a \$29.2 million lawsuit against Bell. Among the

charges they make are that the company used illegal wiretaps.

Gravitt, who was a vice president in charge of the Bell system in Texas, died of carbon monoxide poisoning in October. He left a suicide note and memos charging misconduct by Bell in rate setting, slush funding and influence-buying.

And Ashley has charged that the Bell security force serves an important role in these activities.

Houston has a security force typical of those throughout the Bell system.

Jerry Slaughter, chief of Bell security here, served five years with the FBI. Two of the five agents under him are also ex-FBI.

Of 44 security agents in the Southwestern Bell System, 15 are ex-FBI agents.

A small room in the Houston office is equipped with devices for monitoring conversations on selected telephone lines. Agents call a switching station and are plugged into to any Houston telephone desired. Officials here described the procedure as a relatively simple one, but Caming of AT&T said it was an elaborate one which takes some time.

The equipment can record on paper tape the numbers called from the selected line. With the addition of a tape recorder, the instrument can also record conversations. And it's all perfectly legal.

"There's nothing clandestine about this," said Jim Russell, a security agent who gave a tour of the room to newsmen after Bell officials earlier denied the room's existence.

According to James W. Shatto, a Bell attorney, the product of this legal monitoring is carefully guarded and surrendered to the FBI only by subpoena. This, says Shatto, is company policy.

Yet, one attorney said "several scores" of persons have been tried and convicted on information Bell agents voluntarily surrendered to the FBI.

Several cases cited in federal court records show persons were convicted of gambling, possession of weapons and other charges unrelated to fraud as the result of phone company security agents volunteering information from company wiretaps.

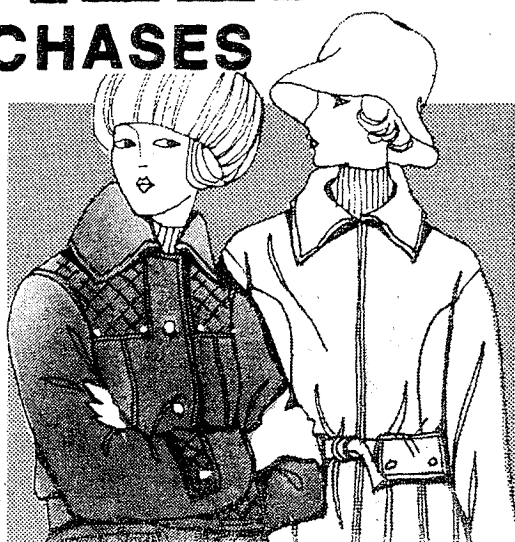
In Houston, Michael Clegg was convicted in March of defrauding the phone company after his line was tapped by Bell agents for four months.

As a result of the Clegg wiretap, taps were established at several other towns around the country. In Memphis, Tenn., for example, a listening post on the phone of one suspect was set up in the garage of a neighbor who

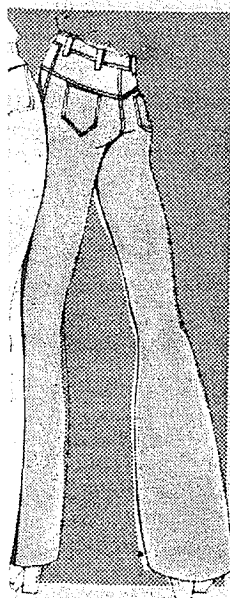
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happened to be a Bell employee.

After several months, the FBI arrested men in four cities in what one attorney called "a nationwide, coordinated bust."

The attorney said the FBI was given details gleaned from company wiretaps. The notes even included, in one case, names of stocks and bonds a suspect discussed on his phone.

Another attorney says the Bell security force and law enforcement agencies have a "sweetheart" relationship in other areas.

Bell, for example, hires about 70 Houston policemen who work as security guards at telephone company buildings while off duty.

Additionally, eight Bell officials in Texas, including Slaughter and his counterparts in Dallas and San Antonio hold special Texas Ranger commissions. By law, this gives them virtually the same powers as regular police, including the right to carry guns. In practice, the special Ranger appointments are mostly honorary.

This close relationship has advantages for both Bell and for police.

It provides for Bell an avenue to get information that would not be available otherwise.

For the police, the relationship helps cut through red tape in establishing wiretaps which are legal with a court order. The Bell security force is the gatekeeper for setting up these legal taps.

Slaughter said the mechanics of a government wiretap go like this: the police bring a court order to Slaughter.

He, and usually he alone, judges the validity of the order. Then he calls a supervisor in the telephone exchange involved and gets the needed information to pinpoint the wiretap location. Exchange office supervisors, said Slaughter, give him the information essential to establish a wiretap solely upon his word that court order exists.

The supervisors, said Slaughter, never see the order. There is no system for double checking.

Primary purpose of the security force, said Slaughter, is to catch persons defrauding the telephone company, by one means or another, through making unpaid long-distance calls.

Such frauds in Houston, said Slaughter, costs Bell "in the neighborhood of \$100,000 a year," a figure considerably lower than the salary paid the Bell security officers.

The security chief mentioned another use of the agents — the investigation of private individuals "making false allegations" against the company.

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