



Exploding The Phone

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Abstract Kansas division of Southwestern Bell Telephone Co. announces a toll fraud crackdown by using a 100 Most Wanted Telephone Numbers list. The article lists the various sorts of toll fraud with brief descriptions of each, and profiles the type of people though most likely to commit toll fraud.

Keywords Credit card fraud; toll fraud; Southwestern Bell Telephone Co. (SBTCo.); Topeka, KS; James F. Haake (VP and GM of Kansas Div. of SBTCo.); James F. T. Garner (security manager, SBTCo., former FBI); Jim Garner; third number billing fraud; University of Kansas; Centrex

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Cheating on Telephone Bill Spurs Company to War

Topeka (AP)—Cheating the telephone company is not new in Kansas or anywhere else, but the schemes and incidences of fraud have mushroomed so rapidly in recent years that Southwestern Bell Telephone Company has declared war in Kansas on those who do the cheating.

Using the marvel of modern technology, the computer, and more personnel, Southwestern Bell hopes it can stem the tide of fraud which costs it hundreds of thousands of dollars a year in lost tolls.

The company disclosed recently it is arming its billing computers with a list of 100 "most wanted" telephone numbers. Its computers are programmed to check toll telephone calls against this list of 100 numbers which have been used in the past to perpetrate frauds of one kind or another.

"We have an obligation to every customer and to the community we serve to vigorously pursue every incident of fraudulent usage with the objective of prosecuting the case," said James F. Haake, vice-president and general manager of Southwestern Bell's Kansas operations. Haake said trimming

fraud losses can result in improved service.

Because the telephone company trusts its customers, he added, it has been easy to cheat the firm through a variety of frauds. But soaring losses have prompted Southwestern Bell to initiate a program to cut down on the incidence of such schemes succeeding.

Haake says the losses "have exceeded hundreds of thousands of dollars" in Kansas. Other Bell spokesmen place the figure at about \$300,000 annually.

James F. T. (Jim) Garner, a 41-year-old former Federal Bureau of Investigation agent who now is Southwestern Bell's security manager for Kansas, won't place a dollar figure on the loss.

"It's quadrupled in the last five years," Garner said. "It's always been a serious problem which we've always tried to put a handle on. But it's grown so heavily that the company thought it required a new program."

"Our company feels that it's important enough to assign a larger staff. This is a very important decision."

Garner has had two new security investigators and two new office personnel assigned to him in the security section.

The new program is directed, Garner said, primarily at credit card fraud and third number billing fraud.

Credit card fraud most usually involves use of credit cards which are issued to a telephone number which is no longer in service, or issued to non-existent telephone numbers.

The third number billing fraud involves a person making a long distance call and having the operator bill it to a third number, which is somebody else's number or is non-existent.

Other types of fraud, Garner said, involve code calling, cheating coin telephones, abuse of WATTS lines, use of electronic devices to dupe the electronic equipment, devising ways of circumventing the company's billing procedures and use of other peoples' special billing numbers.

Code calling involves prearranged person-to-person long distance calls to transmit coded information just by asking if a certain individual is there but not really expecting to talk to him.

One arrest considered by Garner to be imminent will be a University of Kansas student who is wanted for special billing numbers fraud—the first case built by Southwestern Bell since it beefed up its security measures. The case will be prosecuted, Garner assured.

Special billing numbers are used at places, such as college campuses, which have Centrex systems. Individuals are assigned special billing numbers which are charged when they make toll calls from the Centrex system. People learn other peoples' numbers and charge to them fraudulently, Garner said.

Garner, who has been with Southwestern Bell five years since leaving the FBI, says he believes only about 1 per cent of the company's customers engage in fraud.

"It's been my experience," he said, "that 99 per cent of all telephone company customers are God-fearing, solid citizens. It's the 1 per cent that causes the trouble and that 1 per cent could be virtually eliminated if they can be identified. And they are naive if they think we can't identify them."

Transient-type people were singled out by Garner as the ones most likely to perpetrate fraud against the telephone company. He said "students, hippies, truck drivers, salesmen and just plain bums and crooks as well as subversives and radicals" are the ones most likely to commit it.

"With the aid of the computer, additional staffing and downright hard work by the investigators," Garner said, "we feel we can minimize our losses. Now, we feel, we should be able to build more cases which will sustain prosecutions."

"But we want to avoid the implication that if the customer makes one mistake, the tele-

phone company is going to jump on them with both feet. We are concerned with those who knowingly and willingly try to commit fraud."