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Bibliographic Cover Sheet

- Title**            **Magazine article regarding New Jersey Bell's involvement in Greenstar**
- Publication**    *Telephony magazine*
- Date**            1975-03-17
- Abstract**        New Jersey Bell defends its use of wiretapping to find blue box and black box users.
- Keywords**      New Jersey Bell Telephone Company (NJBTCO); blue box; black box; Long Lines Dept., AT&T; toll fraud; wiretapping
- Notes**          This seems to be the final page of a multi-page article.
- Source**          Alan Rubinstein

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# in the nation's capital

## House panel hears AT&T defend its phone call taping practices

Victor Block, Washington Editor

An attorney for AT&T has described to Congress an anti-toll fraud operation that included listening in on some 1.5 to 1.8 million telephone conversations over a five-year period. The procedure also entailed taping the calls for periods lasting from 60 seconds to the entire length of the conversation.

This testimony was offered by B. W. William Caming, an AT&T attorney, during hearings by the House subcommittee on courts, civil liberties and the administration of justice. The Judiciary Committee panel is looking into reports that surfaced in recent weeks about an anti-fraud operation by AT&T said to have included "eavesdropping."

As described by Caming, the 1.5-to-1.8 million calls were selected at random out of some 30 million that were surveyed between 1965 and 1970. At the time, he said, this was the only way to detect the use of "blue" and "black" box electronic devices used by people to gain free access to long distance lines without having to pay for such calls. Listening for the tell-tale electronic signals emitted by the devices, he said, was the only method the company had of detecting their use. Caming estimated that since illegal use of the electronic signallers was first revealed, such fraud has cost the Bell System about \$1 million in revenues.

The AT&T attorney told the House panel that of the calls selected for monitoring, about 900,000 were tape recorded for periods of 60-90 seconds. Another 600,000, he added, were taped for periods lasting from five minutes to their entirety. Asked by subcommittee members about the legality of this operation, Caming said AT&T's investigation was conducted in compliance with Federal Communications regulations governing steps to combat fraud. He testified that AT&T officials found what they believed to be "provable illegality" in about 25,000 instances, of the

total 1.5-to-1.8 million calls that were selected for listening. However, he added, the company prosecuted these cases on a "selective" basis, largely because it was afraid publicity would have distorted its survey by keeping users of toll fraud devices from trying to subvert the pay system. He later told reporters that "minimal" consideration also had been given the concern that revelation of the program could have harmed the company's image.

which toll calls were intercepted random between November 1966 and March 1970 and explaining its system of monitoring, service observing.

The company said that New Jersey Bell, as well as the entire Bell System was faced with a problem of electronic toll fraud of unknown dimensions but of potential great and unavoidable loss of revenue. The toll fraud was accomplished through use of illegal "blue" and "black boxes." To characterize the method of switching across the Bell network would have cost approximately \$1 billion, so as an alternative the Bell System undertook a toll monitoring program to statistically establish the magnitude of the problem. New York, Los Angeles, Miami, Detroit and Newark, N.J., were chosen as monitoring sites.

A random sample of incoming trunk lines to Newark were wired with small tape recorders which were activated at the first sign of potential toll fraud. A portion of the suspect call then was recorded on a master tape if further indications of toll fraud appeared.

Master tapes were sent to a special group at AT&T's Long Lines Department for further analysis and determination of the existence of toll fraud. Tapes then were erased and statistical information sent back to the local Bell companies.

A New Jersey Bell spokesman emphasized that company employees could not listen in on the recorded calls since the master tape included no headphones for playback. The company also stated that the procedure was completely legal and had survived many court challenges.

In addition, New Jersey Bell cited the Communications Act of 1934 which states that it is the obligation of the telephone company to protect customers against discrimination among rate payers. Allowing toll fraud to go unchecked would have penalized honest ratepayers.

The company said that toll fraud monitoring led to two toll fraud convictions in New Jersey but added that the purpose of the program was mainly to gather statistical evidence on the problem. Systemwide, it was found that approximately 350,000 toll frauds were committed at an approximate loss of \$1 million in telephone company revenue per year.

In response to questions on monitoring equipment made available to outside businesses, the company said it does provide private businesses with monitoring equipment for service observing in employee-customer dealings. New Jersey Bell added that companies obtaining the equipment from the telephone company must sign an agreement that all employees will be informed of the use of the monitoring equipment.

Further cross-examination of New Jersey Bell's testimony has been scheduled.

New Jersey PUC Commissioner Joel Jacobson and Stewart Pollock are presiding at the public hearings.