



Exploding The Phone

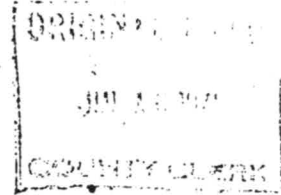
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Bibliographic Cover Sheet

Title	Pacific Telephone & Telegraph v. Teltronics Company of America, Los Angeles Superior Court -- Lawsuit
Date	1975-07-14
Abstract	Unsigned judgment and order against Teltronics Company of America.
Keywords	Pacific Telephone and Telegraph Company (PTT); Teletronics Company of America (TCA); Jack Kranyak; John Reynolds; Bill Homuth; Donald Simmones; Robert Klein; David Rees; David Autovon; NWC 45558
Source	Alan Rubinstein

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14 THE PACIFIC TELEPHONE AND
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16 SUPERIOR COURT OF CALIFORNIA

17 COUNTY OF LOS ANGELES

18 **FWC45558**

19 THE PACIFIC TELEPHONE AND
20 TELEGRAPH COMPANY,

21 NO. _____

22 Plaintiff,

23 vs.

24 [Injunctive Relief; Declarat
25 Relief; Damages; Punitive
26 Damages]

27 JACK KRANYAK, doing business
28 as TELETRONICS COMPANY OF
29 AMERICA; JACK KRANYAK,
30 individually; JOHN REYNOLDS;
31 BILL HOMUTH; DONALD SIMMONES;
32 ROBERT KLEIN; DAVID REES;
33 DAVID AUTOVON; DOES 1 through
34 100, inclusive; ROES A
35 through O, inclusive,

36 Defendants.

37 COMES NOW plaintiff THE PACIFIC TELEPHONE AND TELEGRAPH
38 COMPANY (hereinafter "Pacific Telephone") and for cause of action
39 against defendants, and each of them, alleges:

40 FIRST COUNT

41 1. At all times herein mentioned, Pacific Telephone was

1 and now is a corporation organized and existing under and by
2 virtue of the laws of the State of California.

3 2. Pacific Telephone is informed and believes and on that
4 ground alleges that at all times herein mentioned, defendant
5 TELETRONICS COMPANY OF AMERICA (hereinafter "TCA") is a fictitious
6 name for a business conducted by defendant JACK KRANYAK and some
7 or all of the other defendants.

8 3. At all times herein mentioned, defendants JACK KRANYAK,
9 DAVID REES, DAVID AUTOVON, ROBERT KLEIN, BILL HOMUTH, DONALD
10 SIMMONES, and JOHN REYNOLDS (hereinafter collectively "the Indi-
11 vidual Defendants") and each of them, were agents or employees of
12 TCA, and of each other, and TCA was their agent, and at all times
13 herein mentioned the Individual Defendants, and each of them, and
14 TCA were acting within the course and scope of their said agency
15 or employment.

16 4. At all times herein mentioned, each Individual Defendant
17 and TCA combined and conspired with each other to commit the
18 unlawful conduct referred to throughout this complaint.

19 5. Pacific Telephone is informed and believes and on that
20 ground alleges that the Individual Defendants, or some of them,
21 reside in the County of Los Angeles, State of California, and
22 that TCA's principal place of business is in Woodland Hills, Los
23 Angeles County.

24 6. Pacific Telephone does not know the true names and
25 capacities, whether individual, corporate, associate, or otherwise,
26 of defendants Does 1 through 100, inclusive (hereinafter the "Doe
27 Defendants"), and prays leave to insert their true names in lieu
28 of fictitious names set forth above when their true names are
29 ascertained.

30 7. At all times herein mentioned, each Doe Defendant was

1 the agent or employee of TCA, the Individual Defendants, and each
2 of them, of all other Doe Defendants, and each of them, and at
3 all times herein mentioned each Doe Defendant was acting within
4 the course and scope of his said agency or employment.

5 8. At all times herein mentioned, TCA and the Individual
6 Defendants, and each of them, were agents or employees of each
7 Doe Defendant, and at all times herein mentioned TCA and the
8 Individual Defendants were acting within the course and scope of
9 their said agency or employment.

10 9. At all times herein mentioned, each Doe Defendant
11 combined and conspired with TCA, the Individual Defendants, and
12 each of them, and with all the other Doe Defendants, and each of
13 them, to commit the unlawful acts alleged throughout this com-
14 plaint, and each Doe Defendant committed or in some way participated
15 in the commission of said unlawful acts.

16 10. At all times herein mentioned, Pacific Telephone was
17 and now is a public utility engaged in the business of providing
18 telephone and communication service and equipment, including
19 intrastate, interstate and international telephone and communication
20 service, is regulated as a telephone corporation by the Public
21 Utilities Commission of the State of California and by the Federal
22 Communications Commission of the United States, and Pacific Tele-
23 phone is required to file tariffs with the Public Utilities
24 Commission and the Federal Communications Commission setting
25 forth the rules, conditions and rates pursuant to which it renders
26 telephone and communication service.

27 11. During 1974 and to the present time, TCA, the Indi-
28 vidual Defendants and the Doe Defendants, and each of them,
29 prepared, published, advertised, sold and distributed to the
30 public written material in the form of pamphlets, schematic plans.

1 diagrams and a periodical entitled "Telephone Electronics Line."
2 Said material was distributed to members of the public by means
3 of the United States mails.

4 12. Members of the public were and are solicited by TCA,
5 the Individual Defendants and the Doe Defendants, and each of
6 them, to purchase said plans and to subscribe to said periodical
7 after payment of a subscription fee to TCA. The number of sub-
8 scribers solicited by said defendants, and each of them, is un-
9 known to Pacific Telephone, but Pacific Telephone is informed and
10 believes and on that ground alleges that there are several thousand
11 such subscribers. Most recently, such solicitation of subscribers
12 occurred in an advertisement appearing in the July issues of
13 "Radio-Electronics" and "High Fidelity" magazines. A copy of said
14 advertisement is attached hereto as Exhibit "A" and incorporated
15 herein by this reference as if set forth at length herein.

16 13. Said material prepared, published, advertised, sold and
17 distributed by TCA, the Individual Defendants and the Doe Defendants
18 and each of them, solicits, aids, abets, induces and encourages the
19 third party recipients thereof to commit criminal acts resulting in
20 injury and damage to Pacific Telephone, Pacific Telephone's
21 honest rate payers and to the public in general. Examples of
22 such solicited criminal acts are as follows:

- 23 (a) "How to Call Long-Distance Toll Free," an
24 article wherein various types of telephone
25 toll fraud are discussed, including credit
26 card toll fraud using test numbers, pay
27 telephone "loops", tie lines (including tie
28 line numbers) and the use of call diverters;
29 (b) An article on how to make illegal attachments
30 to telephone company instruments and lines

- 1 and a dissertation on "avoiding detection";
- 2 (c) "What You Can Get For the Price of a Dime
- 3 (Which is Refundable)", an article on how to
- 4 perpetrate fraud upon the telephone company
- 5 "by the use of your hands and mouth (and
- 6 sneaky brain)";
- 7 (d) "Toll -- A General Introduction", an article
- 8 recommending methods by which one may
- 9 successfully place an illegal "third party
- 10 call", avoid toll charges and thereby cheat
- 11 the telephone company;
- 12 (e) An article entitled "The Intricacy of Credit
- 13 Card Fraud", wherein the author reveals
- 14 "telephone company secrets", supposedly
- 15 enabling the reader to successfully (or more
- 16 successfully) perpetrate telephone credit
- 17 card fraud;
- 18 (f) "Modern Phone Phreaking", reciting how per-
- 19 sons (presumably the author) can endanger
- 20 communications between honest users of the
- 21 telephone toll system and then recommending
- 22 methods to avoid detection when using a
- 23 multi-frequency generator device (blue box)
- 24 to commit electronic toll fraud;
- 25 (g) "Detection; How to Avoid It", another article
- 26 recommending methods to avoid detection when
- 27 using a blue box;
- 28 (h) Brief articles on how to make illegal attachments
- 29 to telephone company equipment and lines and
- 30 how not to be "caught";

1 (i) A plan for construction of a blue box and
2 advertisements soliciting purchase thereof.
3 A blue box is an electronic device which
4 generates multi-frequency tones, enabling a
5 knowledgeable user to place toll calls in
6 avoidance of lawful charges. The use, sale
7 or construction of such a device, or the
8 offering or advertising of plans for such
9 a device, is a crime (See, e.g., Penal Code
10 § 502.7(b)).

11 14. In the course of said preparation, publication,
12 advertisement, sale and distribution of said materials, TCA, the
13 Individual Defendants and the Doe Defendants, and each of them,
14 criminally conspired and combined to solicit, aid, abet, induce
15 and encourage (for a fee) members of the public to violate the
16 following criminal statutes (among others):

- 17 (a) 18 USC Section 1343 (fraud by wire);
18 (b) Penal Code Section 502.7 (telephone toll
19 fraud);
20 (c) Penal Code Section 591 (unlawful and malicious
21 obstruction of any telephone or telegraph
22 line);
23 (d) Penal Code Section 532 (obtaining money by
24 false pretenses);
25 (e) Penal Code Section 631 (unauthorized electronic
26 or acoustical connection with any telephone
27 instrument);
28 (f) Penal Code Section 640b (coin box telephone
29 toll fraud);
30 (g) Penal Code Section 484f, 484g and 484j

1 (credit card fraud).

2 15. In the course of said criminal conspiracy, TCA, the
3 Individual Defendants and the Doe Defendants, and each of them,
4 violated the above criminal statutes (by reasons of their
5 soliciting, aiding, abetting, inducing and encouraging the
6 violation thereof) and the following criminal statutes (among
7 others:

8 (a) 18 USC Section 1341 (mail fraud);

9 (b) 18 USC Section 371 (conspiracy to commit a
10 federal offense);

11 (c) Penal Code Section 502.7(b) (preparation,
12 sale and advertisement of plans for construction
13 of a telephone toll fraud device);

14 (d) Penal Code Section 653f (solicitation of
15 grand theft); .

16 (e) Penal Code Section 182 (conspiracy to commit
17 a crime).

18 16. By soliciting the criminal acts above referred to, and
19 in particular the violation of Penal Code Sections 502.7, 484f,
20 484g and 484j, TCA, the Individual Defendants and the Doe Defend-
21 ants, and each of them, have deprived and now deprive Pacific
22 Telephone of the intrastate, interstate and international toll
23 revenues and other revenues provided for by Pacific Telephone's
24 tariffs on file with Public Utilities Commission and the Federal
25 Communications Commission, and thereby perpetrate fraud upon and
26 irreparably damage Pacific Telephone and all of Pacific Telephone's
27 subscribers who lawfully use the telephone system and equipment
28 provided by Pacific Telephone. Additionally, by soliciting,
29 aiding, abetting, inducing and encouraging persons to avoid
30 lawful tariff charges, TCA, the Individual Defendants and the Doe

1 Defendants, and each of them, deprive local, state and federal
2 government of the revenue from lawful taxes imposed by said
3 governments on or in connection with the use of the telephone
4 system and equipment, and thereby perpetrate a further fraud upon
5 the public.

6 17. Such conduct by TCA, the Individual Defendants, the
7 Doe Defendants, and each of them, constitutes unfair, unlawful
8 and fraudulent business practices, and thus unfair competition.
9 Moreover, such conduct constitutes an unlawful interference with
10 Pacific Telephone's contractual and business relationships with
11 its subscribers.

12 18. Unless enjoined, said defendants intend to, and will,
13 prepare, publish and distribute said material and material
14 similar thereto.

15 19. Pacific Telephone has no adequate remedy at law in that
16 it is impossible to calculate the precise amount of damage suffered
17 by Pacific Telephone and which will in the future be suffered by
18 Pacific Telephone; money damages will not adequately compensate
19 Pacific Telephone for the loss it has suffered, is now suffering
20 and will suffer; and attempts to exercise any remedy at law would
21 result in a multiplicity of actions.

22 20. As a direct and proximate result of said unlawful
23 combination and conspiracy, solicitation, aiding, abetting,
24 inducement and encouragement by TCA, the Individual Defendants
25 and the Doe Defendants, and each of them, Pacific Telephone has
26 been damaged in an amount not yet fully ascertainable (but far in
27 excess of the jurisdictional minimum of the Superior Court) and
28 Pacific Telephone has been and will continue to be damaged unless
29 said defendants are enjoined from soliciting members of the
30 public to perpetrate fraud upon Pacific Telephone and thereby

1 deprive it of its lawful tariff revenues. Pacific Telephone
2 prays leave to amend its complaint at time of trial to set forth
3 the full amount of its said damage.

4 21. TCA, the Individual Defendants and the Doe Defendants,
5 and each of them, knowingly and willfully intended to solicit,
6 aid, abet, induce and encourage and did solicit, aid, abet,
7 induce and encourage third parties to defraud and damage Pacific
8 Telephone and have acted in reckless disregard of the rights of
9 Pacific Telephone, Pacific Telephone's honest rate payers and the
10 public at large. Pacific Telephone, therefore, is entitled to
11 punitive damages against said defendants, and each of them, in an
12 amount sufficient to discourage other persons from similar unlaw-
13 ful conduct, but in any event not less than Five Hundred Thousand
14 Dollars (\$500,000.00).

15 22. There presently exists a controversy between Pacific
16 Telephone and TCA, the Individual Defendants and the Doe Defendants,
17 and each of them, in that Pacific Telephone contends that it is
18 entitled to receive its lawful tariff revenues and that Pacific
19 Telephone has been, is now and will be unlawfully deprived of
20 such revenues as a result of the unlawful conduct of said defen-
21 dants, and each of them. Pacific Telephone is informed and
22 believes and on that ground alleges that said defendants, and
23 each of them, will contend to the contrary.

24 SECOND COUNT

25 23. Pacific Telephone here refers to allegations contained
26 in paragraphs 1 through 22, inclusive, of its first count and
27 incorporates the same herein by this reference as though fully
28 set forth herein.

29 24. TCA, the Individual Defendants and the Doe Defendants,
30 and each of them, have knowingly and intentionally combined and

1 conspired to solicit, aid, abet and induce and have solicited,
2 aided, abetted and induced third parties to knowingly and unlaw-
3 fully avoid lawful tariff charges.

4 25. Such conduct by said defendants constitutes actionable
5 civil fraud, to Pacific Telephone's damage as aforesaid.

6 THIRD COUNT

7 26. Pacific Telephone here refers to all allegations con-
8 tained in paragraphs 1 through 22, inclusive, of its first count,
9 and paragraphs 24 and 25 of its second count, and incorporates
10 the same herein by this reference as though fully set forth
11 herein.

12 27. Pacific Telephone is informed and believes and on that
13 ground alleges that some of the Individual Defendants and/or Doe
14 Defendants are minors or were minors at the time of their willful
15 misconduct as above alleged.

16 28. Defendants Roes A through O, inclusive, are the parents
17 of the Individual Defendants or of the Doe Defendants. Pursuant
18 to Section 1714.1 of the Civil Code of the State of California, the
19 parents (or parent) of any Individual Defendant or Doe Defendant
20 who was a minor at the time he committed or participated in
21 any of the willful misconduct alleged herein are liable to Pacific
22 for an amount not to exceed Two Thousand Dollars (\$2,000.00) for
23 each such act of willful misconduct of their minor child resulting
24 in damage to Pacific Telephone.

25 29. As a direct and proximate result of such acts of willful
26 misconduct by the Individual Defendants and Doe Defendants, and
27 each of them, Pacific Telephone has been damaged on each occasion
28 that any Individual Defendant or Doe Defendant participated in the
29 advertisement, preparation, publication and/or distribution of any
30 of the material referred to herein or any similar material, and

1 Roes A through O, inclusive, and each of them, are liable to
2 Pacific Telephone in an amount not to exceed Two Thousand Dollars
3 (\$2,000.00) for each instance of such willful misconduct by their
4 children who were minors at the time thereof.

5 WHEREFORE, Pacific Telephone prays for judgment as follows:

6 1. That the Court enjoin TCA, the Individual Defendants
7 and the Doe Defendants, and each of them, from (a) the publication
8 and/or distribution of any and all material which directly or
9 indirectly informs the reader (i) how to build, use or avoid
10 detection in the use of any instrument, scheme or device which
11 may be used to avoid any lawful charge for telephone service,
12 or (ii) how to unlawfully interconnect any instrument or device
13 to telephone lines or instruments, or build such interconnection
14 device or avoid detection in the use of same, and (b) any
15 advertising soliciting the purchase of such material.

16 2. That the Court declare the publication and distribution
17 of any such material, and advertisements soliciting the purchase
18 of same, to be unlawful;

19 3. Damages against TCA, the Individual Defendants and the
20 Doe Defendants, and each of them, in the amount of Pacific Tele-
21 phone's loss of revenue and future loss of revenue as a result
22 of their unlawful conduct;

23 4. Punitive damages against TCA, the Individual Defendants
24 and the Doe Defendants, and each of them, by way of example, in
25 an amount sufficient to discourage similar conduct by others, but
26 not less than Five Hundred Thousand Dollars (\$500,000.00);

27 5. Damages against defendants Roes A through O, inclusive,
28 and each of them, in an amount of Two Thousand Dollars (\$2,000.00)
29 for each occasion their children, who were minors at the time of
30 the willful misconduct referred to herein, committed or participated

1 in any such willful misconduct;

2 6. Against Defendants, and each of them, for costs of suit
3 incurred herein; and

4 7. For such other, further and separate relief as the
5 Court deems just and proper.

6 DATED: July 14, 1975.

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