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Title **Security crackdown enacted by Ma Bell**

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Abstract James M. Vaughn, Jr., Southwestern Bell Security Manager for North Texas, says his area has become a manufacturing center for blue boxes. Mentions the recent blue box raids.

Keywords blue box; James M. Vaughn, Jr. (Sec. Mgr., No. TX, SBTCO); Southwestern Bell Telephone Co. (SBTCO)

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Security crackdown enacted by Ma Bell

The electronic age has ushered in a new menace for Southwestern Bell Telephone Company, especially in the North Texas area.

"This area, with its high concentration of electronic knowledge, has become a manufacturing center for 'blue boxes'," said James M. Vaughan, Jr., a former FBI agent and Southwestern Bell security manager for this area.

The multi-frequency electronic "blue box" enables users to place toll free calls by bypassing telephone billing equipment.

"Some individuals and firms reportedly were stealing hundreds of dollars a month in 'free' long distance calls by using the device—that is until recently when company security agents and FBI agents executed raids on illegal operations," Vaughan noted.

These raids netted six arrests, mostly small business executives, who were charged in Dallas with violating the federal fraud by wire statute. They now face a maximum penalty of not more than five years imprisonment and or a \$1,000 fine.

This case had been under investigation since last December and investigations are continuing throughout the North Texas area.

"We spotted some of the 'blue boxes' through sophisticated equipment in our Engineering department and through constant computer checks. Although the equipment doesn't tell us definitely that a 'blue box' is being used," he said, "it does indicate that further investigation is warranted."

But, according to Vaughan, the phone company eventually will install new equipment which definitely will detect the devices.

"Of course, right now our employees are a great help. We encourage them to be constantly on the lookout for these devices and other kinds of toll fraud," he added.

Last year the Bell System lost an estimated \$34.5 million because of long distance fraud—up an estimated \$8 million from the 1968 total. During the first seven months of this year, fraud alone in this area resulted in losses of about \$30,000.

Vaughan said that because of this upward trend, the Bell System has increased its investigative security forces and has developed special procedures and technology to detect and apprehend lawbreakers.

"For instance, in the case of another common method of fraud—bogus credit card numbers—the company has installed a talking computer which 'tells' the operator when a check fraud should be made," he said.

So far this year there have been 500 arrests and 400 convictions for various types of fraud in the Bell System.

Vaughan added that the effort to stem the tide of long distance fraud benefits both the company and the honest, rate-paying customer.

"As with all businesses," Vaughan said, "our company's fraud losses are considered part of our cost of operation. And the cost of operation figure is the basis for customer telephone rates. That's a good reason for both the company and the honest customer to want reduction of losses due to fraud."