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Bibliographic Cover Sheet

Title **Press Release: Beating The Rip-Off Set**

Publication *Bell System News Features*

Date 1973-01-00

Abstract AT&T press release titled "Beating the Rip-Off Set". Describes September 1972 raids and the toll fraud control task force. Discusses history and motivations of phreaks and move to the rip-off mentality.

Keywords blue box; September 1972 raids; toll fraud control task force

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January, 1973



Beating The Rip-Off Set

Cheat Ma Bell! Rip-off the phone company! Beat the system!

Popular phrases like these were quite fashionable not so very long ago. Just about everyone attributed them to well-known anti-establishment types, to the New Left, and to the self-styled phone phreaks.

Then during a three-day period last September, Federal authorities, acting on information supplied to them by local Bell companies, arrested 14 persons in six cities for illegal use of the telephone system. The 14 persons were not those type-cast as the rip-off set. Rather they were ordinary middle to upper-middle class Americans. Everyone seemed to be getting into the act.

While the arrests pointed up the fact that toll fraud is geographically as well as socially and economically widespread, another more important fact became crystal clear--the Bell System was cracking down on the problem which had reached epidemic proportions.

There is no question that the vociferous, publicity-happy phone phreaks get the lion's share of the publicity, but no less guilty are those who quietly go about using illegal electronic devices, phony credit card numbers or bogus third-number billing to defraud the telephone company. Seemingly lost in the glamour of publicity is the unalterable fact that no matter how you cut it, the phone phreak and his

lesser known comrades are thieves and subject to prosecution as such.

Title 18 of the United States Code, Statute 1343, deals with "Fraud by Wire, Radio, or Television." It is designed and written to protect, among others, the telephone company from thieves, electronic and otherwise.

Yet, Bell System losses from credit card and third number cheats have been rising steadily over recent years, reaching a sizable \$22.5 million in 1971. Losses from electronic fraud, particularly the much publicized blue boxes, are almost impossible to estimate.

Every highway is engineered to accommodate a maximum number of vehicles. If more motorists attempt to use a road than the upper limit for which it is engineered, those motorists are inconvenienced. So it is with the telephone network. And if a significant number of service thieves use the network, honest people are inconvenienced.

But just who are the guilty parties? Bell System security people say that the majority of illegal calls are made by the young (students, hippies, military personnel) and by members of all ages of the radical underground movement. But there have also been offenders among such varied groups as businessmen, lawyers, housewives and even the clergy. Some people who wouldn't dream of stealing from a store seem more than ready to commit theft by wire.

For years Bell System companies were quite lenient with persons who committed toll fraud. Whenever possible, the company would first attempt to stop the calls, collect on them and stay out of court. But that was before more than \$20 million per year was being lost. Overnight, it would seem the lamb has turned into the lion. Today, the

Bell System is a vigorous--and successful--prosecutor.

Consider the following statistics. In 1970 there were 215 toll fraud arrests and 207 convictions (most coming toward the end of the year). In 1971, with a new "get tough" policy in effect, there were 330 arrests and 255 convictions. In 1972 there were 1,050 arrests and 844 convictions.

One of the most important reasons for the crackdown in the credit card and third number fraud area was the formation at AT&T of the Toll Fraud Control Program Task Force in April of 1970. After a six-month study of all types of toll fraud, the task force's recommendations were these:

--That a "first line of defense"--the operators--be trained in new techniques on how to identify the customers who may not be on the level and verify the validity of their credit card or third number.

--That each originating office become responsible for investigation of unbillable or unidentifiable credit card and third number calls.

--That toll office computer billing be changed.

--That more precise traffic pattern analysis be developed.

--That a centralized ticket investigating group in each revenue accounting office be formed.

--That a more aggressive program of prosecution be pursued along with appropriate publicity of this effort.

A look at the increase in the number of arrests and convictions and the decrease in revenue losses speaks for the task force's effectiveness.