



# ***Exploding The Phone***

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## **Bibliographic Cover Sheet**

**Title**            **Michigan Bell press release regarding Greenstar**

**Date**            1975-02-06

**Author(s)**     Shuler, J. H. (Michigan Bell Telephone Co.)

**Abstract**       News release with cover memo regarding Michigan Bell's participation in Greenstar. Cover memo is from J.H. Shuler, VP and General Counsel. News release notes that a Greenstar monitoring unit was installed in Detroit "for less than two years" from 1965-1967.

**Keywords**     Greenstar; Blue Box; Michigan Bell

**Notes**          toll fraud; Michigan Bell Telephone Co. (MB); J. H. Shuler (VP, MB); Pic Wagner (PR Mgr., MB); Detroit; wiretapping

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February 6, 1975

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Michigan Bell's Program to Combat Electronic Fraud

Between 1965 and 1970, in several major cities, including Detroit, specially designed equipment was set up to monitor toll trunks. The equipment was built and set up at a time when the Bell System had reason to believe that electronic fraud was becoming large scale and was probably costing the System considerable amounts of revenue.

We were aware that there was an increase in electronic fraud activity in Michigan. We wanted to assess the magnitude of the problem here and elsewhere and catch the cheaters.

The equipment was capable of monitoring a large number of toll trunks simultaneously. When the monitoring equipment found that electronic fraud was probably being attempted or was occurring, then it taped up to two minutes of the call to establish the calling and called numbers and the parties involved, if possible.

The machine used in the toll fraud investigation in Detroit was here for less than two years, in 1965-67. While in use here, it was under stringent security and no one here listened into customer conversations. The tapes were mailed in secure containers to a task force in New York for review and evaluation.

Our program to uncover cheaters has led to recovery of illegal devices, a number of prosecutions in Michigan and elsewhere, and has helped to recover revenues. All these efforts had and still have a deterrent effect on those people

We were acting in a lawful manner to uncover cheaters and halt revenue losses that would otherwise be borne by the vast majority of honest customers.

We don't know how many toll calls were monitored on Detroit toll trunks in the 1965-67 period, or how many calls triggered the recording device with indications of electronic fraud. Records were not kept here. And, all recorded calls were promptly erased after analysis at the centralized toll fraud detection and analysis bureau in New York City with no records kept there of such conversations.

We do not disclose exactly what fraudulent techniques did or would alert us to electronic fraud. To do so, would simply make available the information needed to commit fraud.

We no longer use the equipment referred to in the news stories and used in Michigan in the 1965-67 period. However, we do have and use sophisticated equipment and techniques for detecting electronic fraud and other criminal activities, such as ferreting out obscene callers.

We do monitor calls and record billing and other information when this is needed to obtain legal evidence for a prosecution. But, this is done only after we have already through other means established that there is strong evidence (probable cause) that toll fraud is being committed. And, the monitoring or recording of information is done on a specific telephone line involved in the fraud investigation. It is not the so-called "random sampling," such as took place in Michigan and other states in the 1965-70 time period and is being mentioned in the press.

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Currently, any monitoring or recording of toll calls for fraud investigations is handled from one security location in Detroit. Arrangements must be made ahead of time by our security people for central office facilities and patching in the desired circuits to monitor a specific line. Any tapes of calls and records of such calls are released only under the scrutiny and authorization of a court in a case involving fraud against the company.

The monitoring of such calls is extremely limited. For example, in 1974 in about six cases of electronic fraud, less than 50 toll calls were monitored out of some 465 million toll calls that originated in Michigan. In 1973, our security people monitored less than 100 calls in some 20 cases of electronic fraud. Of significance is that the small number of electronic toll fraud cases in recent years indicates the success of our program to detect and stop these crimes.

Our toll fraud investigations do not involve listening to or taping entire conversations. We only establish the telephone numbers involved and the parties involved in the toll fraud. We do monitor and tape up to two minutes of a toll fraud call when this is needed to obtain legal evidence for purposes of criminal prosecution.

Our toll fraud detection efforts are currently authorized under the Omnibus Crime Control and Safe Streets Act of 1968, as amended. Prior to that, we were, of course, and still are, governed by the Federal Communications Act of 1934, as amended.

In identifying and prosecuting people who cheat us and the public, no laws are -- or were -- violated and no illegal monitoring of innocent customers takes place.