



Exploding The Phone

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Bibliographic Cover Sheet

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- Notes** Includes some great quotes.

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PROGRAM	TODAY SHOW	STATION	WNBC-TV AND THE NBC TELEVISION NETWORK
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BROADCAST EXCERPT

JIM HARTZ: Over the weekend the American Telephone and Telegraph, AT&T, admitted monitoring and recording millions of long distance telephone calls between 1965 and 1970 to catch people cheating on toll charges. The calls originated in six major cities; New York, Los Angeles, Detroit, St. Louis, Miami and Newark, New Jersey.

AT&T said it had been plagued by people trying to make free long distance calls by using a device called a blue box to bypass the phone company's billing system. A spokesman justified the practice of monitoring the calls by referring to telephone calls as "our property". With us this morning is Mr. H.W. William Caming, an attorney who has been with AT&T for twenty years as special counsel in security matters.

First, Mr. Caming, could you tell us what that means that AT&T owns the calls?

H.W. Caming: Good morning. I think what was meant by that was that it is our property in the sense that telephone calls are the property of the people of our country. Any losses that are incurred -- are incurred by our honest customers, and if there is thievery, stealing of calls -- the losses must ultimately be borne by the honest rate payer. And I think that was the sense in which we speak of our property as we speak of our country.

HARTZ: Well, the spokesman wasn't misquoted. He did say the calls were the telephone company's only property, is that correct, and that we have a right to intercept them. Is that a correct quote?

Caming: That is correct as far as I understand it, but knowing the gentleman quite well, I knew the context in which he meant it.

HARTZ: How did you decide which telephone calls to monitor?

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CAMING: I think, Jim, if we look at the situation in perspective, starting in 1964 and 1965, we may get an insight into what required the institution of this project.

In about 1964 or so, two electronic toll fraud devices burst upon the scene -- the so-called blue box and a so-called black box, named after the original boxes in which they were contained. The threat to the telephone industry as a whole from such devices was of staggering proportions. We were able to readily estimate that if unchecked, free calls could be made -- that is if our service could be stolen at will -- that the losses would aggregate in the hundreds of millions of dollars which would directly affect our rates.

HARTZ: What were the actual losses, do you know?

CAMING: The actual losses were difficult to ascertain because of clandestine nature. It was well in excess, at the inception in our estimation, of a million dollars a year. But this was only the start. To give one of the statistics we're able to obtain, and one of the major purposes of instituting this project was to determine the magnitude of the theft. Because it would possibly require the expenditure of more than a billion dollars to modify the network unless this type of theft could be checked.

HARTZ: How many did you catch?

CAMING: Well, we have, I believe, over two hundred and fifty convictions of -- many of major proportions.

HARTZ: How many telephone calls were monitored?

CAMING: There again...

HARTZ: ...said thirty million. Is that correct?

CAMING: No, that is -- the telephone calls that were reported for analysis were in the neighborhood of a million five plus. What happened, if I may just give you some background -- and to advert to an earlier question. We had estimated in 1966 that there were over three hundred and fifty thousand cases of toll fraud of this nature, many involving innumerable calls. Therefore, some device to measure the extent of the fraud, to determine whether the telephone system had to be modified and to attempt to find means of prosecuting those who were stealing, had to be introduced. And we introduced through Bell laboratories six experimental units in the cities that you named. These units were scanning devices which scanned calls at random. We put each unit on a hundred trunks. Now, each trunk has a stream of calls pouring through it and we would dip into the stream, you might say and pull out a fish and examine it to see whether it was a lawful call and if so it was immediately put back in the stream.

HARTZ: How could you tell whether it was lawful or illegal?

CAMING: In our system, particularly since we're talking only of outgoing, long distance calls, there are special signals, answering signals, supervisory signals, that permit us to know whether call is completed, the duration of the call, the billing and transmission purposes. So that the equipment was electronic equipment designed to identify the call.

HARTZ: Then why did you have to record the conversation.

CAMING: One of the necessities was to attempt to determine if it was a preliminary indication of an illegal call -- where the call was coming from or where it was going. A black box, I might say, is the device which is used at the receiving end. For example, if you're a well known gambler and I wanted to place a bet from Tennessee with you, I would call you in New York. You would activate your device and therefore my bet would be placed without any telephone charge to me.

HARTZ: When you recorded these conversations -- and you say there were at least a million five, survey one way or another -- did you put that little beep on the wire to let people know they were being recorded.

CAMING: No. The million five or so were recorded and placed on a recorder. And I might add that this recording was not done by human ear listening. These were done in very safely guarded locked cabinets and automatically done.

HARTZ: Don't the tolls require you to put that beep on there -- your tariffs?

CAMING: No, they do not when a call is illegally placed. And we had -- it would be like bringing...

HARTZ: But you were monitoring some calls that weren't illegally placed, were you not?

CAMING: No, none of the calls, Jim, at the time in question appeared lawful to the equipment. There were preliminary indications of illegality.

HARTZ: I'm out of time, we've got to stop for a station break, Mr. CAMING thank you very much.

CAMING: You're quite welcome.