

## *Survival Guide & Workbook Introduction*

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### **Teletruth's Survival Guide & Workbook for Residential & Small Business Wireline & Wireless Telecommunications**

*Dear Mistreated Telecommunications User and Telecom Regulators,*

Thank you for purchasing this first edition. The goal of this document is education and to give you the tools to ascertain if you have been overcharged or can save money on your current phone bill expenditures.

1) The Survival Guide & Workbook contains two documents:

- *“Secrets of Your Phone Bills: Have You Been Rammed, Slammed Or Crammed By Your Phone Company”?* — explains how to read wireline and wireless phone bills, with an eye towards getting refunds and saving money. We even threw in a Special Report on the wireless contract ‘fine print’.
- **Teletruth's Step-by-Step, Auditing Your Phone Bills for Refunds & Savings Workbook**— is a step-by-step process to go through your own bills, using Reference bills to guide you to locate possible overcharging for refunds and optimizing your current bill to save money. It also gives specifics on speaking to a phone company customer service representative.

2) The **Appendixes** are filled with items you should examine.

- **Reference Bills.** We have specific, actual small business bills that we will use throughout these documents.
- **The Workbook also has:**
  - a) **“Checklists”** — are a series of different proprietary checklists that an auditor would go through in order to examine your current telecommunications use as well as plan for the future.
  - b) **“Challenges”** — are to be printed and filled out along the way. We have created a step-by-step analysis of your charges, which are filled in after each step has been completed.

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- 3) **Hot Buttons and Expert Tips** — We've included items that are not common knowledge and the tricks auditors have learned from deciphering the bills in order to talk to the phone company about potential refunds.
- 4) **Need More Assistance?** — Or willing to give some feedback?
  - Start with our web site and forum. <http://www.teletruth.org/>
  - Contact us at [bruce@teletruth.org](mailto:bruce@teletruth.org)
- 5) **EDITOR'S Soapbox** — As auditors and analysts in the industry for over 30 years, we have lots of opinions which we decided to separate from the rest of the text.
- 6) **Barf Bags Optional** — We know that you probably don't want to go through this exercise unless you have to or you know something doesn't feel right about your current bills. Or maybe you need to have someone walk through the issues when getting new service. We will try our best to make this as painless as possible.

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## 1.0 Introduction

Have you been rammed, slammed or crammed by your phone company? Are you owed hundreds, if not thousands of dollars from the phone company? Can you save hundreds or thousands of dollars in the future? Do you know what information you need to order a new service and avoid being overcharged or buying unnecessary products?

- **Ramming** — The company you already have a relationship with is harming you – by not telling you the "best option" and putting you on the most expensive plan or a service you can't even use, need or didn't even order. Worse, ramming is also the practice of advertising a price that fails to disclose that there are an additional 20-50% more costs when you get the bill.
- **Slamming** — Some phone company has switched your selected service to their service without your permission.
- **Cramming** — Some "other" phone company or billing agent put a fee or service on your bill without your permission that is costing you money.

We note that there are investigations by the FCC and Senator Rockefeller underway who claim that 1 in 20 are hit with a 'cramming' charge. Rockefeller defines cramming as "placing unauthorized third-party charges on consumers' telephone bills".

This Survival Guide & Workbook is dedicated to hard-working small business owners and residential phone (wireline or wireless) users. We know that approximately 80% of all customers have been overcharged by their phone company, such as being put on packages they did not order or placed on more expensive plans than they need, among other issues. We know this through our experiences as active phone bill auditors and from our phone bill surveys over the last two decades.

And Cramming is not the problem. Ramming, where the incumbent phone company puts a customer on a service they do not want, need, order or can even use is the major problem with bills. We estimate that \$8-\$10 billion annually is being collected through unknowing customers. As we will document it can add

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\$500-\$1000.00 a year to small businessmen's bottom lines and cost residential customers \$100-\$500 a year in extra fees.

And let's face it. Examining wireline or wireless phone bills or other telecommunications bills can be a daunting task and should have a warning label — This bill may make you nauseous, disgusted and even annoyed. That's why most people just pay their bill. They may sense something is wrong but wouldn't have a clue about how to figure what is amiss.

However, we're all in a tight financial situation and we all need to keep our money in our pockets and not give it to another company—the phone company. Whether you run a grocery store or local deli, or an Internet-based company or are a small manufacturer, or a consulting firm, or have a restaurant or bar, or are an IT person responsible for the telecommunications needs for a municipality or school board, or work at a non-profit, or are any residential or small business, you're at a definite disadvantage to getting the best price.

Secrets of Your Phone Bills covers:

- **How to Examine the Bills** — We will go through actual wireline and wireless phone bills, explaining what each charge is and what information can and can not be gleaned from the charges. We cover both wireline and wireless bills.

Step-by-Step Auditing Your Phone Bill Workbook: Are You Owed a Refund from Your Phone Company?

- **Examine and Inventory Your Business Requirements for Telecommunications** — We will go through your business telecom requirements and figure out what you need.
- **Existing Customer: Getting Refunds and Optimization** — We will go through the wireline bills to see if you are on the right service or have been rammed, crammed or slammed.
- **Talk to the Phone Company** — What to say to the phone company to get a refund or optimize your current bills, saving money.
- **New Customer** — How to order a service and not get hosed by the phone company.

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- **Top Secrets and Auditing Expert Tips**—Things the phone company doesn't want you to know about your bills. Information you can't get from the phone company.
- **File a Complaint** —or taking some other action to get justice.
- **Optimizing Services Moving Forward** — How to save money from the same carrier.

**Teletruth is also offering more help if you need it.** We are not here to sell you any type of phone service or to upsell you. We created this book because the problems with bills under the current deregulatory climate has escalated, creating new problems such as "termination fees", package increases, or just plain old errors on the bills. However, you may need more help than this Survival Guide & Workbook can offer because of the specifics of your case.

Also, we make you this promise – we will try our best to do this Survival Guide & Workbook in simple, understandable, English and not in some telecom-wonk-speak.

### **A) If you're an existing customer.**

This Survival Guide & Workbook will assist you in laying the foundation so you are armed with the right information to examine the bills, then how to talk with your current carrier. You will know if existing services are being used, were discontinued or determine if they are being properly charged. In short, we will give you the tools to know if you are paying the correct amount or could be owed a refund or credit, not to mention "optimizing" your bills to save money going forward.

### **B) Before you buy...**

If you're a new customer, this Survival Guide & Workbook will give you the information for negotiating the best optimal services that you need for your small business or your residence. There are things you need to think about before you pick up the phone and negotiate with your carrier. Their goal is to sell you a bundle or gold-plate your service. Their objectives are not aligned with your objectives.

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### 1.1 Some Examples of Common Customer Overcharging.

Here are just a few cases that are current or we uncovered over the last few years.

**A) Rammed: Local Service, Long Distance** — A local grocer ordered 2 Verizon lines. One line is used for an ATM machine and the other line is not used for outgoing calls. They were overcharged about \$6000.00 over a six year period because both lines were put on a number of packages, including Verizon “Freedom Unlimited”, with unlimited local and long distance calling. They just needed basic local phone service.

- Overcharged: Over \$1000.00 a year.
- Next Steps: Stop the current hemorrhaging of extra charges per month. Request a refund for the services, especially if you identified the ATM machine data service at the time you ordered the service.
- To save more money, consider sharing 1 line for the services, especially if there is not a lot of usage.

**B) Rammed: Wireless** — A residential customer had AT&T wireless service. When they ordered they didn’t calculate the amount of calls they would be making so the sales person convinced them to get a large package of call minutes. The problem is they only made 5-10 minutes of calls so their "cost per call" was \$4.00 -\$8.00 a minute.

- Overcharge — \$30.00 a month.
- Next Step: Customer should be on an "ala-carte" pre-paid plan.
- Check your contract to see if there is a termination fee and other penalties.

**C) Missing Circuits: School Board (from an actual audit)** — A school board in New Jersey discovered a number of “special circuits” associated with various data applications, such as an alarm circuit and connections to the phone system. None of the circuits had existed for over 10 years. Half a dozen of them were “non-existent”, meaning there was no phone line or connection.

- Overcharge: Approximately \$30,000 in refunds.

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- The company starting saving an additional \$15,000 a year because of the removal of unneeded and unoptimized phone bills.

**D) Missing Circuits: Municipality (from an actual audit)** — A municipality was overcharged for approximately 20 circuits that were non-existent or were no longer in use, such as lines used by the police department for radio dispatch that went to radio towers which had been dismantled, or billing lines to a building that had caught fire and was demolished 5 years earlier. The muni also had various tax issues and surcharges, some of which were not supposed to be charged to a municipality.

- Overcharge: The circuits were about \$35,000 and taxes were about \$30,000.
- The special circuits and taxes came to over \$20,000 in saving a year.

**E) Cell Phone: Plumbing Company (from an actual audit)** — A plumbing company had 30 service personnel doing bathroom renovations and all of the personnel had individual cell phones. The accounts were supposed to be tied to a master cellphone plan. However, the cell phone company failed to link the various accounts and as a result were billed overages at differing rates.

- \$12,000 in refunds.
- Annual savings were \$12,000 a year going forward as well, which included savings to the company by adjusting their volume level.

**E) Crammed with Voicemail** — A customer had an extra \$9.75 a month put on their bill by some unknown company for a voicemail service. (When we did a survey of phone bills in San Diego, California, about 10% of all customers had the same bogus charge.)

- Overcharge: \$9.75 until the customer finds it on their bill and demands it is removed.
- Solution – Read the bill, then call the phone company to remove all charges.

**1.2 EDITOR'S SOAPBOX: Deregulation Harmed Customers and Killed Off Meaningful Competition.**

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One of the problems we face as phone experts is that there are sometimes only less painful solutions from the same company which is overcharging you than just leaving the company completely.

Verizon, AT&T and Qwest on the wireline side, or your cable provider, are sometimes the only choices for local service or cable service. It is a long story, but essentially, through a series of deregulatory changes that only benefited the phone companies, telephone prices continue to rise on all fronts, and customer protections have gone the way of the dinosaur.

The “Telecom Act of 1996” was created to bring in competition to lower prices and speed the deployment of broadband. But by 2005, the FCC, with the help of the phone companies, were able to close down the networks to serious competition, both in terms of local competitors as well as broadband and even Internet service competition.

On the wireless side, because of massive consolidation, AT&T and Verizon became the largest wireless companies, with over 190 million customers in 2010. And, as of this writing, AT&T is planning on purchasing T-Mobile, which would eliminate one of the remaining competitors.

However, while each state and even each city are different in the amount of competition and in the regulatory environment that governs telecommunications, the common philosophy is best described by “Ernestine”, Lilly Tomlin’s phone company employee character from the 1960’s TV show ‘Laugh In’ – “We are the Phone Company”.

### **1.3 EDITOR’S SOAPBOX: Are Phone Bills Unreadable on Purpose? Truth-In-Billing Issues**

After reading this Survival Guide & Workbook you may agree with us that the regulators – from the Federal Communications Commission (FCC), the state public utility commissions, the Federal Trade Commission (FTC), and almost all politicians, are essentially not doing their job in protecting your rights.



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Phone bills are virtually unreadable. They have major mistakes. In our analysis for just one Verizon, New York customer, a small business which we used as the basis of our Reference Bills, we found **93 Truth-in-Billing and Truth-in-Advertising issues** on the phone bills, the related web site, and the advertising used to lure customers.

Here is a link to the FCC's Truth-in-Billing Guidelines.

<http://www.fcc.gov/cgb/policy/truthinbill.html>

“Section 64.2401 of the rules requires that a telephone company's bill must:

- (1) be accompanied by a brief, clear, non-misleading, plain language description of the service or services rendered;
- (2) identify the service provider associated with each charge;
- (3) clearly and conspicuously identify any change in service provider;
- (4) contain full and non-misleading descriptions of charges;
- (5) identify those charges for which failure to pay will not result in disconnection of the customer's basic local service; and
- (6) provide a toll-free number for customers to call in order to lodge a complaint or obtain information.”

“The Commission also determined that all telecommunications providers should use standard labels on bills when referring to line item charges relating to federal regulatory action, such as universal service fees, subscriber line charges, and local number portability charges.”

Teletruth has filed multiple complaints at the FCC over truth-in-billing or even about the FCC's failure to collect accurate data about the marketplace<sup>1</sup>.

We will be highlighting many issues which we believe are questionable at best, and hinder, not help the customers' ability to read their bills.

### **1.4 EDITOR'S SOAPBOX: Are the Advertising and Sales of these Services Bordering on Deceptive Practices?**

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The Federal Trade Commission's "Complying with the Telemarketing Sales Rule" has a number of specific issues that come into play when a person or small business is making a decision to buy something. Yet, industry wide, it is a fact that over 50% of small businesses have mistakes on their bills, while an additional 30% are on packages they do not need, or want, or didn't even order. We know from our auditing interviews that in many cases the customer service representatives either did not make clear or tell the customer the truth about a package or what was the best service for them. As we will discuss, the advertising of the various packages leaves out 20-50% of the cost of the service. Worse, the web site does not give the total amount the service will cost, nor, as many found out, the customer service representative will not give the customer the first and second month actual costs, including all taxes, fees, surcharges, etc.

Here are some of the quotes from the Telemarketing Sales Rule guidelines. Are the phone companies violating the law? We're not lawyers, but what we see in audits and interviews with customers would lead us to believe that investigations by the Federal Trade Commission are in order.

"It is a violation of the Rule to cause billing information to be submitted for payment— directly or indirectly—without the express informed consent of the customer or donor."

"In addition, the Rule prohibits sellers and telemarketers from misrepresenting specific categories of information about a telemarketing transaction that are likely to affect a consumer's decision to purchase the goods or services offered. The Rule also prohibits both express and implied misrepresentations. Sellers and telemarketers cannot circumvent the Rule by creating a false impression in a consumer's mind through the artful use of half-truths or misleading or incomplete information."

"In sales transactions, the Rule prohibits misrepresentations about the following:

"1. Cost and Quantity. The Rule prohibits sellers and telemarketers from misrepresenting the total costs to purchase,

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receive, or use the goods or services offered, or the quantity of goods or services offered at the stated price.”

After you read this Survival Guide & Workbook, you decide if there is a reason for a Federal Trade Commission investigation of any of these issues.

NOTE:

- The **Federal Communications Commission** (FCC) regulates telecommunications’ phone service.
- The **Federal Trade Commission** (FTC) regulates the advertising and sales of a service or product.
- Both regulatory agencies have done some work in the area of cramming and slamming.
- **State Public Utility Service Commissions** – Each state has their own commission that regulates parts of telecommunications.

**EDITOR’S SOAPBOX:** We wouldn’t be writing this book if the regulatory system actually worked.

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