105TH CONGRESS 2D SESSION

S. 1618

AN ACT

To amend the Communications Act of 1934 to improve the protection of consumers against "slamming" by telecommunications carriers, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Anti-slamming Amend-
- 5 ments Act".

1 TITLE I—SLAMMING

2	SEC. 101. IMPROVED PROTECTION FOR CONSUMERS.
3	(a) Verification of Authorization.—Subsection
4	(a) of section 258 of the Communications Act of 1934 (47
5	U.S.C. 258) is amended to read as follows:
6	"(a) Prohibition.—
7	"(1) In general.—No telecommunications
8	carrier or reseller of telecommunications services
9	shall submit or execute a change in a subscriber's
10	selection of a provider of telephone exchange service
11	or telephone toll service except in accordance with
12	this section and such verification procedures as the
13	Commission shall prescribe.
14	"(2) Verification.—
15	"(A) IN GENERAL.—In order to verify a
16	subscriber's selection of a telephone exchange
17	service or telephone toll service provider under
18	this section, the telecommunications carrier or
19	reseller shall, at a minimum, require the sub-
20	scriber—
21	"(i) to affirm that the subscriber is
22	authorized to select the provider of that
23	service for the telephone number in ques-
24	tion:

1	"(ii) to acknowledge the type of serv-
2	ice to be changed as a result of the selec-
3	tion;
4	"(iii) to affirm the subscriber's intent
5	to select the provider as the provider of
6	that service;
7	"(iv) to acknowledge that the selection
8	of the provider will result in a change in
9	providers of that service; and
10	"(v) to provide such other information
11	as the Commission considers appropriate
12	for the protection of the subscriber.
13	"(B) Additional requirements.—The
14	procedures prescribed by the Commission to
15	verify a subscriber's selection of a provider
16	shall—
17	"(i) preclude the use of negative op-
18	tion marketing;
19	"(ii) provide for a complete copy of
20	verification of a change in telephone ex-
21	change service or telephone toll service pro-
22	vider in oral, written, or electronic form;
23	"(iii) require the retention of such
24	verification in such manner and form and

1	for such time as the Commission considers
2	appropriate;
3	"(iv) mandate that verification occur
4	in the same language as that in which the
5	change was solicited; and
6	"(v) provide for verification to be
7	made available to a subscriber on request.
8	"(3) Action by unaffiliated reseller not
9	IMPUTED TO CARRIER.—No telecommunications car-
10	rier may be found to be in violation of this section
11	solely on the basis of a violation of this section by
12	an unaffiliated reseller of that carrier's services or
13	facilities.
14	"(4) Freeze option protected.—The Com-
15	mission may not take action under this section to
16	limit or inhibit a subscriber's ability to require that
17	any change in the subscriber's choice of a provider
18	of interexchange service not be effected unless the
19	change is expressly and directly communicated by
20	the subscriber to the subscriber's existing telephone
21	exchange service provider.
22	"(5) Application to wireless.—This section
23	does not apply to a provider of commercial mobile
24	service.".

1	(b) Liability for Charges.—Subsection (b) of
2	such section is amended—
3	(1) by striking "(b) Liability for
4	Charges.—Any telecommunications carrier" and
5	inserting the following:
6	"(b) Liability for Charges.—
7	"(1) In General.—Any telecommunications
8	carrier or reseller of telecommunications services";
9	(2) by designating the second sentence as para-
10	graph (3) and inserting at the beginning of such
11	paragraph, as so designated, the following:
12	"(3) Construction of Remedies.—"; and
13	(3) by inserting after paragraph (1), as des-
14	ignated by paragraph (1) of this subsection, the fol-
15	lowing:
16	"(2) Subscriber payment option.—
17	"(A) In General.—A subscriber whose
18	telephone exchange service or telephone toll
19	service is changed in violation of the provisions
20	of this section, or the procedures prescribed
21	under subsection (a), may elect to pay the car-
22	rier or reseller previously selected by the sub-
23	scriber for any such service received after the
24	change in full satisfaction of amounts due from

1	the subscriber to the carrier or reseller provid-
2	ing such service after the change.
3	"(B) Payment Rate.—Payment for serv-
4	ice under subparagraph (A) shall be at the rate
5	for such service charged by the carrier or re-
6	seller previously selected by the subscriber con-
7	cerned.".
8	(c) Resolution of Complaints.—Section 258 of
9	the Communications Act of 1934 (47 U.S.C. 258) is
10	amended by adding at the end thereof the following:
11	"(c) Notice to Subscriber.—Whenever there is a
12	change in a subscriber's selection of a provider of tele-
13	phone exchange service or telephone toll service, the tele-
14	communications carrier or reseller selected shall notify the
15	subscriber in a specific and unambiguous writing, not
16	more than 15 days after the change is processed by the
17	telecommunications carrier or the reseller—
18	"(1) of the subscriber's new carrier or reseller;
19	and
20	"(2) that the subscriber may request informa-
21	tion regarding the date on which the change was
22	agreed to and the name of the individual who au-
23	thorized the change.
24	"(d) Resolution of Complaints.—
25	"(1) Prompt resolution.—

1	"(A) In General.—The Commission shall
2	prescribe a period of time for a telecommuni-
3	cations carrier or reseller to resolve a complaint
4	by a subscriber concerning an unauthorized
5	change in the subscriber's selection of a pro-
6	vider of telephone exchange service or telephone
7	toll service not in excess of 120 days after the
8	telecommunications carrier or reseller receives
9	notice from the subscriber of the complaint. A
10	subscriber may at any time pursue such a com-
11	plaint with the Commission, in a State or local
12	administrative or judicial body, or elsewhere.
13	"(B) Unresolved complaints.—If a
14	telecommunications carrier or reseller fails to
15	resolve a complaint within the time period pre-
16	scribed by the Commission, then, within 10
17	days after the end of that period, the tele-
18	communications carrier or reseller shall—

"(i) notify the subscriber in writing of the subscriber's right to file a complaint with the Commission and of the subscriber's rights and remedies under this section;

"(ii) inform the subscriber in writing of the procedures prescribed by the Commission for filing such a complaint; and

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1 "(iii) provide the subscriber a copy of
2 any evidence in the carrier's or reseller's
3 possession showing that the change in the
4 subscriber's provider of telephone exchange
5 service or telephone toll service was sub6 mitted or executed in accordance with the
7 verification procedures prescribed under
8 subsection (a).

"(2) Resolution by commission.—

"(A) Determination of violation.—
The Commission shall provide a simplified process for resolving complaints under paragraph (1)(B). The simplified procedure shall preclude the use of interrogatories, depositions, discovery, or other procedural techniques that might unduly increase the expense, formality, and time involved in the process. The Commission shall determine whether there has been a violation of subsection (a) and shall issue a decision or ruling at the earliest date practicable, but in no event later than 150 days after the date on which it received the complaint.

"(B) DETERMINATION OF DAMAGES AND PENALTIES.—If the Commission determines that there has been a violation of subsection

1	(a), it shall issue a decision or ruling determin-
2	ing the amount of the damages and penalties at
3	the earliest practicable date, but in no event
4	later than 90 days after the date on which it
5	issued its decision or ruling under subpara-
6	graph (A).
7	"(3) Damages awarded by commission.—If
8	a violation of subsection (a) is found by the Commis-
9	sion, the Commission may award damages equal to
10	the greater of \$500 or the amount of actual dam-
11	ages for each violation. The Commission may, in its
12	discretion, increase the amount of the award to an
13	amount equal to not more than 3 times the amount
14	available under the preceding sentence.
15	"(e) Disqualification and Reinstatement.—
16	"(1) Disqualification from Certain activi-
17	TIES BASED ON CONVICTION.—
18	"(A) DISQUALIFICATION OF PERSONS.—
19	Subject to subparagraph (C), any person con-
20	victed under section 2328 of title 18, United
21	States Code, in addition to any fines or impris-
22	onment under that section, may not carry out
23	any activities covered by section 214.
24	"(B) Disqualification of companies.—
25	Subject to subparagraph (C), any company sub-

stantially controlled by a person convicted under section 2328 of title 18, United States Code, in addition to any fines or imprisonment under that section, may not carry out any activities covered by section 214.

"(C) Reinstatement.—

"(i) IN GENERAL.—The Commission may terminate the application of subparagraph (A) to a person, or subparagraph (B) to a company, if the Commission determines that the termination would be in the public interest.

"(ii) Effective date.—The termination of the applicability of subparagraph (A) to a person, or subparagraph (B) to a company, under clause (i) may not take effect earlier than 5 years after the date on which the applicable subparagraph applied to the person or company concerned.

"(2) CERTIFICATION REQUIREMENT.—Any person described in subparagraph (A) of paragraph (1), or company described in subparagraph (B) of that paragraph, not reinstated under subparagraph (C) of that paragraph shall include with any application to the Commission under section 214 a certification

1 that the person or company, as the case may be, is 2 described in paragraph (1)(A) or (B), as the case 3 may be. "(f) CIVIL PENALTIES.— "(1) In General.—Unless the Commission de-6 termines that there are mitigating circumstances, 7 violation of subsection (a) is punishable by a forfeit-8 ure of not less than \$40,000 for the first offense, 9 and not less than \$150,000 for each subsequent of-10 fense. 11 "(2) Failure to notify treated as viola-12 TION OF SUBSECTION (a).—If a telecommunications 13 carrier or reseller fails to comply with the require-14 ments of subsection (d)(1)(B), then that failure shall 15 be treated as a violation of subsection (a). 16 "(g) Recovery of Forfeitures.—The Commis-17 sion may take such action as may be necessary— 18 "(1) to collect any forfeitures it imposes under 19 this section; and "(2) on behalf of any subscriber, to collect any 20 21 damages awarded the subscriber under this section. 22 "(h) CHANGE INCLUDES INITIAL SELECTION.—For 23 purposes of this section, the initiation of service to a subscriber by a telecommunications carrier or a reseller shall

be treated as a change in a subscriber's selection of a pro-

vider of telephone exchange service or telephone toll serv-2 ice.". 3 (d) Criminal Penalty.— 4 (1) In General.—Chapter 113A of title 18, 5 United States Code, is amended by adding at the 6 end thereof the following: 7 "§ 2328. Slamming "Any person who submits or executes a change in a 8 provider of telephone exchange service or telephone toll 10 service not authorized by the subscriber in willful violation of the provisions of section 258 of the Communications Act of 1934 (47 U.S.C. 258), or the procedures prescribed under section 258(a) of that Act— 14 "(A) shall be fined in accordance with this 15 title, imprisoned not more than 1 year, or both; 16 but 17 "(B) if previously convicted under this 18 paragraph at the time of a subsequent offense, 19 shall be fined in accordance with this title, im-20 prisoned not more than 5 years, or both, for 21 such subsequent offense.". 22 (2) Conforming amendment.—The chapter 23 analysis for chapter 113A of title 18, United States 24 Code, is amended by adding at the end thereof the 25 following:

[&]quot;2328. Slamming".

1	(e) State Right-of-Action.—Section 258 of the
2	Communications Act of 1934 (47 U.S.C. 258), as amend-
3	ed by subsection (c), is amended by adding at the end
4	thereof the following:
5	"(i) Actions by States.—
6	"(1) In general.—The attorney general of a
7	State, or an official or agency designated by a
8	State—
9	"(A) may bring an action on behalf of its
10	residents to recover damages on their behalf
11	under subsection (d)(3);
12	"(B) may bring a criminal action to en-
13	force this section under section 2328 of title 18,
14	United States Code; and
15	"(C) may bring an action for the assess-
16	ment of civil penalties under subsection (f),
17	and for purposes of such an action, subsections
18	(d)(3) and (f)(1) shall be applied by substituting
19	'the court' for 'the Commission'.
20	"(2) Exclusive jurisdiction of federal
21	COURTS.—The district courts of the United States,
22	the United States courts of any territory, and the
23	District Court of the United States for the District
24	of Columbia shall have exclusive jurisdiction over all
25	actions brought under this section. When a State

brings an action under this section, the court in which the action is brought has pendant jurisdiction of any claim brought under the law of that State. Upon proper application, such courts shall also have jurisdiction to issue writs of mandamus, or orders affording like relief, commanding the defendant to comply with the provisions of this section or regulations prescribed under this section, including the requirement that the defendant take such action as is necessary to remove the danger of such violation. Upon a proper showing, a permanent or temporary injunction or restraining order shall be granted without bond.

"(3) RIGHTS OF COMMISSION.—The State shall serve prior written notice of any such civil action upon the Commission and provide the Commission with a copy of its complaint, except in any case where such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action. The Commission shall have the right—

- "(A) to intervene in the action;
- 23 "(B) upon so intervening, to be heard on 24 all matters arising therein; and
- 25 "(C) to file petitions for appeal.

"(4) Venue; service of process.—Any civil action brought under this subsection in a district court of the United States may be brought in the district wherein the subscriber or defendant is found or is an inhabitant or transacts business or wherein the violation occurred or is occurring, and process in such cases may be served in any district in which the defendant is an inhabitant or where the defendant may be found.

"(5) Investigatory powers.—For purposes of bringing any civil action under this subsection, nothing in this section shall prevent the attorney general of a State, or an official or agency designated by a State, from exercising the powers conferred on the attorney general or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

"(j) State Law Not Preempted.—

"(1) In general.—Nothing in this section or in the regulations prescribed under this section shall preempt any State law that imposes more restrictive requirements, regulations, damages, costs, or penalties on changes in a subscriber's service or selec-

- tion of a provider of telephone exchange service or
 telephone toll services than are imposed under this
 section.
 - "(2) EFFECT ON STATE COURT PROCEED-INGS.—Nothing contained in this section shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State or any specific civil or criminal statute of such State not preempted by this section.
 - "(3) LIMITATIONS.—Whenever a complaint is pending before the Commission involving a violation of regulations prescribed under this section, no State may, during the pendency of such complaint, institute a civil action against any defendant party to the complaint for any violation affecting the same subscriber alleged in the complaint.

"(k) Reports on Complaints.—

"(1) Reports required.—Each telecommunications carrier or reseller shall submit to the Commission, quarterly, a report on the number of complaints of unauthorized changes in providers of telephone exchange service or telephone toll service that are submitted to the carrier or reseller by its subscribers. Each report shall specify each provider of

- service complained of and the number of complaints
 relating to such provider.
- "(2) LIMITATION ON SCOPE.—The Commission may not require any information in a report under paragraph (1) other than the information specified in the second sentence of that paragraph.
 - "(3) UTILIZATION.—The Commission shall use the information submitted in reports under paragraph (1) to identify telecommunications carriers or resellers that engage in patterns and practices of unauthorized changes in providers of telephone exchange service or telephone toll service.
- 13 "(l) Definitions.—For purposes of this section:
- 14 "(1) ATTORNEY GENERAL.—The term 'attorney 15 general' means the chief legal officer of a State.
- 16 "(2) SUBSCRIBER.—The term 'subscriber'
 17 means the person named on the billing statement or
 18 account, or any other person authorized to make
 19 changes in the providers of telephone exchange serv20 ice or telephone toll service.".
- 21 (f) Report on Carriers Executing Unauthor-
- 22 IZED CHANGES OF TELEPHONE SERVICE.—
- 23 (1) Report.—Not later than October 31, 24 1998, the Federal Communications Commission 25 shall submit to Congress a report on unauthorized

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- changes of subscribers' selections of providers of telephone exchange service or telephone toll service.
- 3 (2) Elements.—The report shall include the following:
 - (A) A list of the 10 telecommunications carriers or resellers that, during the 1-year period ending on the date of the report, were subject to the highest number of complaints of having executed unauthorized changes of subscribers from their selected providers of telephone exchange service or telephone toll service when compared with the total number of subscribers served by such carriers or resellers.
 - (B) The telecommunications carriers or resellers, if any, assessed forfeitures under section 258(f) of the Communications Act of 1934 (as added by subsection (d)), during that period, including the amount of each such forfeiture and whether the forfeiture was assessed as a result of a court judgment or an order of the Commission or was secured pursuant to a consent decree.

23 SEC. 102. ADDITIONAL ENFORCEMENT AUTHORITY.

Section 504 of the Communications Act of 1934 (47 U.S.C. 504) is amended by adding at the end thereof the

1	following: "Notwithstanding the preceding sentence, the
2	failure of a person to pay a forfeiture imposed for violation
3	of section 258(a) may be used as a basis for revoking
4	denying, or limiting that person's operating authority
5	under section 214 or 312.".
6	SEC. 103. OBLIGATIONS OF BILLING AGENTS.
7	(a) In General.—Part I of title II of the Commu-
8	nications Act of 1934 (47 U.S.C. 201 et seq.) is amended
9	by adding at the end thereof the following:
10	"SEC. 231. OBLIGATIONS OF TELEPHONE BILLING AGENTS
11	"(a) In General.—A billing agent, including a tele-
12	communications carrier or reseller, who issues a bill for
13	telephone exchange service or telephone toll service to a
14	subscriber shall—
15	"(1) state on the bill—
16	"(A) the name and toll-free telephone
17	number of any telecommunications carrier or
18	reseller for the subscriber's telephone exchange
19	service and telephone toll service;
20	"(B) the identity of the presubscribed car-
21	rier or reseller; and
22	"(C) the charges associated with each car-
23	rier's or reseller's provision of telecommuni-
24	cations service during the billing period;

1	"(2) for services other than those described in
2	paragraph (1), state on a separate page—
3	"(A) the name of any company whose
4	charges are reflected on the subscriber's bill;
5	"(B) the services for which the subscriber
6	is being charged by that company;
7	"(C) the charges associated with that com-
8	pany's provision of service during the billing pe-
9	$\operatorname{riod};$
10	"(D) the toll-free telephone number that
11	the subscriber may call to dispute that compa-
12	ny's charges; and
13	"(E) that disputes about that company's
14	charges will not result in disruption of tele-
15	phone exchange service or telephone toll service;
16	and
17	"(3) show the mailing address of any tele-
18	communications carrier or reseller or other company
19	whose charges are reflected on the bill.
20	"(b) Knowing Inclusion of Unauthorized or
21	IMPROPER CHARGES PROHIBITED.—A billing agent may
22	not submit charges for telecommunications services or
23	other services to a subscriber if the billing agent knows,
24	or should know, that the subscriber did not authorize the
25	charges or that the charges are otherwise improper.".

- 1 (b) Effective Date.—The amendment made by
- 2 subsection (a) applies to bills to subscribers for tele-
- 3 communications services sent to subscribers more than 60
- 4 days after the date of enactment of this Act.
- 5 SEC. 104. FCC JURISDICTION OVER BILLING SERVICE PRO-
- 6 VIDERS.
- 7 Part III of title II of the Communications Act of
- 8 1934 (47 U.S.C. 271 et seq.) is amended by adding at
- 9 the end thereof the following:
- 10 "SEC. 277. JURISDICTION OVER BILLING SERVICE PROVID-
- 11 ERS.
- 12 "The Commission has jurisdiction to assess and re-
- 13 cover any penalty imposed under title V of this Act against
- 14 an entity not a telecommunications carrier or reseller to
- 15 the extent that entity provides billing services for the pro-
- 16 vision of telecommunications services, or for services other
- 17 than telecommunications services that appear on a sub-
- 18 scriber's telephone bill for telecommunications services,
- 19 but the Commission may assess and recover such penalties
- 20 only if that entity knowingly or willfully violates the provi-
- 21 sions of this Act or any rule or order of the Commission.".
- 22 SEC. 105. REPORT; STUDY.
- 23 (a) In General.—The Federal Communications
- 24 Commission shall issue a report within 180 days after the
- 25 date of enactment of this Act on the telemarketing and

- 1 other solicitation practices used by telecommunications
- 2 carriers or resellers or their agents or employees for the
- 3 purpose of changing the telephone exchange service or
- 4 telephone toll service provider of a subscriber.
- 5 (b) Specific Issues.—As part of the report required
- 6 under subsection (a), the Commission shall include find-
- 7 ings on—
- 8 (1) the extent to which imposing penalties on
- 9 telemarketers would deter unauthorized changes in a
- subscriber's selection of a provider of telephone ex-
- 11 change service or telephone toll service;
- 12 (2) the need for rules requiring third-party ver-
- ification of changes in a subscriber's selection of
- such a provider and independent third party admin-
- 15 istration of presubscribed interexchange carrier
- 16 changes; and
- 17 (3) whether wireless carriers should continue to
- be exempt from the requirements imposed by section
- 19 258 of the Communications Act of 1934 (47 U.S.C.
- 20 258).
- 21 (c) Rulemaking.—If the Commission determines
- 22 that particular telemarketing or other solicitation prac-
- 23 tices are being used with the intention to mislead, deceive,
- 24 or confuse subscribers and that they are likely to mislead,
- 25 deceive, or confuse subscribers, then the Commission shall

1	initiate a rulemaking to prohibit the use of such practices
2	within 120 days after the completion of its report.
3	SEC. 106. DISCLOSURE OF CERTAIN RECORDS FOR INVES-
4	TIGATIONS OF TELEMARKETING FRAUD.
5	Section 2703(c)(1)(B) of title 18, United States
6	Code, is amended by—
7	(1) striking "or" at the end of clause (ii);
8	(2) striking the period at the end of clause (iii)
9	and inserting "; or"; and
10	(3) adding at the end the following:
11	"(iv) submits a formal written request rel-
12	evant to a law enforcement investigation con-
13	cerning telemarketing fraud for the name, ad-
14	dress, and place of business of a subscriber or
15	customer of such provider, which subscriber or
16	customer is engaged in telemarketing (as such
17	term is in section 2325 of this title).".
18	TITLE II—SWITCHLESS
19	RESELLERS
20	SEC. 201. REQUIREMENT FOR SURETY BONDS FROM TELE-
21	COMMUNICATIONS CARRIERS OPERATING AS
22	SWITCHLESS RESELLERS.
23	Part I of title II of the Communications Act of 1934
24	(47 U.S.C. 201 et seq.), as amended by section 103 of
25	this Act, is amended by adding at the end the following:

1	"SEC. 232. SURETY BONDS FROM TELECOMMUNICATIONS
2	CARRIERS OPERATING AS SWITCHLESS RE-
3	SELLERS.
4	"(a) Requirement.—Under such regulations as the
5	Commission shall prescribe, any telecommunications car-
6	rier operating or seeking to operate as a switchless reseller
7	shall furnish to the Commission a surety bond in a form
8	and an amount determined by the Commission to be satis-
9	factory for purposes of this section.
10	"(b) Surety.—A surety bond furnished pursuant to
11	this section shall be issued by a surety corporation that
12	meets the requirements of section 9304 of title 31, United
13	States Code.
14	"(c) Claims Against Bond.—A surety bond fur-
15	nished under this section shall be available to pay the fol-
16	lowing:
17	"(1) Any fine or penalty imposed against the
18	carrier concerned while operating as a switchless re-
19	seller as a result of a violation of the provisions of
20	section 258 (relating to unauthorized changes in
21	subscriber selections to telecommunications carriers).
22	"(2) Any penalty imposed against the carrier
23	under this section.
24	"(3) Any other fine or penalty, including a for-
25	feiture penalty, imposed against the carrier under
26	this Act.

1	"(d) Resident Agent.—A telecommunications car-
2	rier operating as a switchless reseller that is not domiciled
3	in the United States shall designate a resident agent in
4	the United States for receipt of service of judicial and ad-
5	ministrative process, including subpoenas.
6	"(e) Penalties.—
7	"(1) Suspension.—The Commission may sus-
8	pend the right of any telecommunications carrier to
9	operate as a switchless reseller—
10	"(A) for failure to furnish or maintain the
11	surety bond required by subsection (a);
12	"(B) for failure to designate an agent as
13	required by subsection (d); or
14	"(C) for a violation of section 258 while
15	operating as a switchless reseller.
16	"(2) Additional penalties.—In addition to
17	suspension under paragraph (1), any telecommuni-
18	cations carrier operating as a switchless reseller that
19	fails to furnish or maintain a surety bond under this
20	section shall be subject to any forfeiture provided for
21	under sections 503 and 504.
22	"(f) BILLING SERVICES FOR UNBONDED
23	SWITCHLESS RESELLERS.—
24	"(1) Prohibition.—No common carrier or bill-
25	ing agent may provide billing services for any serv-

1	ices provided by a switchless reseller unless the
2	switchless reseller—
3	"(A) has furnished the bond required by
4	subsection (a); and
5	"(B) in the case of a switchless reseller not
6	domiciled in the United States, has designated
7	an agent under subsection (d).
8	"(2) Penalty.—
9	"(A) Penalty.—Any common carrier or
10	billing agent that knowingly and willfully pro-
11	vides billing services to a switchless reseller in
12	violation of paragraph (1) shall be liable to the
13	United States for a civil penalty not to exceed
14	\$50,000.
15	"(B) Applicability.—For purposes of
16	subparagraph (A), the provision of services to
17	any particular reseller in violation of paragraph
18	(1) shall constitute a separate violation of that
19	paragraph.
20	"(3) Commission authority to assess and
21	COLLECT PENALTIES.—The Commission shall have
22	the authority to assess and collect any penalty pro-
23	vided for under this subsection upon a finding by the
24	Commission of a violation of paragraph (1).
25	"(g) Return of Bonds.—

1	"(1) Review.—
2	"(A) In General.—The Commission may
3	from time to time review the activities of a tele-
4	communications carrier that has furnished a
5	surety bond under this section for purposes of
6	determining whether or not to retain the bond
7	under this section.
8	"(B) STANDARDS OF REVIEW.—The Com-
9	mission shall prescribe any standards applicable
10	to its review of activities under this paragraph.
11	"(C) First review.—The Commission
12	may not first review the activities of a carrier
13	under subparagraph (A) before the date that is
14	3 years after the date on which the carrier fur-
15	nishes the bond concerned under this section.
16	"(2) Return.—The Commission may return a
17	surety bond as a result of a review under this sub-
18	section.
19	"(h) Definitions.—In this section:
20	"(1) BILLING AGENT.—The term 'billing agent'
21	means any entity (other than a telecommunications
22	carrier) that provides billing services for services
23	provided by a telecommunications carrier, or other
24	services, if charges for such services appear on the

bill of a subscriber for telecommunications services.

1	"(2) SWITCHLESS RESELLER.—The term
2	'switchless reseller' means a telecommunications car-
3	rier that resells the switched telecommunications
4	service of another telecommunications carrier with-
5	out the use of any switching facilities under its own
6	ownership or control.
7	"(i) Detariffing Authority Not Impaired.—
8	Nothing in this section is intended to prohibit the Com-
9	mission from adopting rules providing for the permissive
10	detariffing of long-distance telephone companies, if the
11	Commission determines that such permissive detariffing
12	would otherwise serve the public interest, convenience, and
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13	necessity.".
13 14	TITLE III—SPAMMING
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14 15	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS
14 15 16	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC
14 15 16 17	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL.
14 15 16 17	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL. (a) INFORMATION TO BE INCLUDED IN TRANS-
114 115 116 117 118	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL. (a) INFORMATION TO BE INCLUDED IN TRANSMISSIONS.—
114 115 116 117 118 119 220	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL. (a) INFORMATION TO BE INCLUDED IN TRANSMISSIONS.— (1) IN GENERAL.—A person who transmits and
14 15 16 17 18 19 20 21	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL. (a) Information To Be Included in Trans- MISSIONS.— (1) In general.—A person who transmits an unsolicited commercial electronic mail message shall
14 15 16 17 18 19 20 21	TITLE III—SPAMMING SEC. 301. REQUIREMENTS RELATING TO TRANSMISSIONS OF UNSOLICITED COMMERCIAL ELECTRONIC MAIL. (a) Information To Be Included in Trans- MISSIONS.— (1) In General.—A person who transmits an unsolicited commercial electronic mail message shall cause to appear in each such electronic mail message

- of an unsolicited commercial electronic mail message under paragraph (1):
 - (A) The name, physical address, electronic mail address, and telephone number of the person who initiates transmission of the message.
 - (B) The name, physical address, electronic mail address, and telephone number of the person who created the content of the message, if different from the information under subparagraph (A).
 - (C) A statement that further transmissions of unsolicited commercial electronic mail to the recipient by the person who initiates transmission of the message may be stopped at no cost to the recipient by sending a reply to the originating electronic mail address with the word "remove" in the subject line.
- 18 (b) ROUTING INFORMATION.—All Internet routing 19 information contained within or accompanying an elec-20 tronic mail message described in subsection (a) must be 21 accurate, valid according to the prevailing standards for 22 Internet protocols, and accurately reflect message routing.
- 23 (c) Effective Date.—The requirements in this sec-24 tion shall take effect 30 days after the date of enactment 25 of this Act.

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SEC. 302. FEDERAL OVERSIGHT OF UNSOLICITED COMMER-2 CIAL ELECTRONIC MAIL. 3 (a) Transmissions.— 4 (1) In General.—Upon notice from a person 5 of the person's receipt of electronic mail in violation 6 of a provision of section 301 or 305, the Commis-7 sion— 8 (A) may conduct an investigation to deter-9 mine whether or not the electronic mail was 10 transmitted in violation of such provision; and 11 (B) if the Commission determines that the 12 electronic mail was transmitted in violation of 13 such provision, may— 14 (i) impose upon the person initiating 15 the transmission a civil fine in an amount 16 not to exceed \$15,000; 17 (ii) commence in a district court of 18 the United States a civil action to recover 19 a civil penalty in an amount not to exceed 20 \$15,000 against the person initiating the 21 transmission; 22 (iii) commence an action in a district 23 court of the United States a civil action to 24 seek injunctive relief; or

1	(iv) proceed under any combination of
2	the authorities set forth in clauses (i), (ii),
3	and (iii).
4	(2) Deadline.—The Commission may not take
5	action under paragraph (1)(B) with respect to a
6	transmission of electronic mail more than 2 years
7	after the date of the transmission.
8	(b) Administration.—
9	(1) NOTICE BY ELECTRONIC MEANS.—The
10	Commission shall establish an Internet web site with
11	an electronic mail address for the receipt of notices
12	under subsection (a).
13	(2) Information on enforcement.—The
14	Commission shall make available through the Inter-
15	net web site established under paragraph (1) infor-
16	mation on the actions taken by the Commission
17	under subsection (a)(1)(B).
18	(3) Assistance of other federal agen-
19	CIES.—Other Federal agencies may assist the Com-
20	mission in carrying out its duties under this section.
21	SEC. 303. ACTIONS BY STATES.
22	(a) In General.—Whenever the attorney general of
23	a State has reason to believe that the interests of the resi-
24	dents of the State have been or are being threatened or
25	adversely affected because any person is engaging in a pat-

tern or practice of the transmission of electronic mail in violation of a provision of section 301 or 305, the State, 3 as parens patriae, may bring a civil action on behalf of 4 its residents to enjoin such transmission, to enforce compliance with such provision, to obtain damages or other compensation on behalf of its residents, or to obtain such 7 further and other relief as the court considers appropriate. 8 (b) Notice to Commission.— 9 (1) Notice.—The State shall serve prior writ-10 ten notice of any civil action under this section on 11 the Commission and provide the Commission with a 12 copy of its complaint, except that if it is not feasible 13 for the State to provide such prior notice, the State 14 shall serve written notice immediately on instituting 15 such action. (2) Rights of commission.—On receiving a 16 17 notice with respect to a civil action under paragraph 18 (1), the Commission shall have the right— 19 (A) to intervene in the action; 20 (B) upon so intervening, to be heard in all 21 matters arising therein; and 22 (C) to file petitions for appeal. 23 (c) ACTIONS BY COMMISSION.—Whenever a civil action has been instituted by or on behalf of the Commission for violation of a provision of section 301 or 305, no State

- 1 may, during the pendency of such action, institute a civil
- 2 action under this section against any defendant named in
- 3 the complaint in such action for violation of any provision
- 4 as alleged in the complaint.
- 5 (d) Construction.—For purposes of bringing a civil
- 6 action under subsection (a), nothing in this section shall
- 7 prevent an attorney general from exercising the powers
- 8 conferred on the attorney general by the laws of the State
- 9 concerned to conduct investigations or to administer oaths
- 10 or affirmations or to compel the attendance of witnesses
- 11 or the production of documentary or other evidence.
- 12 (e) Venue; Service of Process.—Any civil action
- 13 brought under subsection (a) in a district court of the
- 14 United States may be brought in the district in which the
- 15 defendant is found, is an inhabitant, or transacts business
- 16 or wherever venue is proper under section 1391 of title
- 17 28, United States Code. Process in such an action may
- 18 be served in any district in which the defendant is an in-
- 19 habitant or in which the defendant may be found.
- 20 (f) Actions by Other State Officials.—Nothing
- 21 in this section may be construed to prohibit an authorized
- 22 State official from proceeding in State court on the basis
- 23 of an alleged violation of any civil or criminal statute of
- 24 the State concerned.
- 25 (g) Definitions.—In this section:

1	(1) Attorney general.—The term "attorney
2	general" means the chief legal officer of a State.
3	(2) STATE.—The term "State" means any
4	State of the United States, the District of Columbia,
5	Puerto Rico, Guam, American Samoa, the United
6	States Virgin Islands, the Commonwealth of the
7	Northern Mariana Islands, the Republic of the Mar-
8	shall Islands, the Federated States of Micronesia,
9	the Republic of Palau, and any possession of the
10	United States.
11	SEC. 304. INTERACTIVE COMPUTER SERVICE PROVIDERS.
12	(a) Exemption for Certain Transmissions.—
13	(1) Exemption.—Section 301 or 305 shall not
14	apply to a transmission of electronic mail by an
15	interactive computer service provider unless—
16	(A) the provider initiates the transmission;
17	or
18	(B) the transmission is not made to its
19	own customers.
20	(2) Construction.—Nothing in this sub-
21	section may be construed to require an interactive
22	computer service provider to transmit or otherwise
23	deliver any electronic mail message.
24	(b) Actions by Interactive Computer Service
25	Providers.—

(1) In General.—In addition to any other remedies available under any other provision of law, any interactive computer service provider adversely affected by a violation of a provision of section 301 or 305 may, within 1 year after discovery of the violation, bring a civil action in a district court of the United States against a person who violates such provision. Such an action may be brought to enjoin the violation, to enforce compliance with such provision, to obtain damages, or to obtain such further and other relief as the court considers appropriate.

(2) Damages.—

- (A) IN GENERAL.—The amount of damages in an action under this subsection for a violation specified in paragraph (1) may not exceed \$15,000 per violation.
- (B) Relationship to other damages awarded for a violation under this subsection are in addition to any other damages awardable for the violation under any other provision of law.
- (C) Cost and fees.—The court may, in issuing any final order in any action brought under paragraph (1), award costs of suit, reasonable costs of obtaining service of process,

- reasonable attorney fees, and expert witness
 fees for the prevailing party.
- 3 (3) Venue; service of process.—Any civil action brought under paragraph (1) in a district court of the United States may be brought in the 5 6 district in which the defendant or in which the inter-7 active computer service provider is located, is an in-8 habitant, or transacts business or wherever venue is 9 proper under section 1391 of title 28, United States 10 Code. Process in such an action may be served in 11 any district in which the defendant is an inhabitant 12 or in which the defendant may be found.
- 13 (e) Interactive Computer Service Provider
- 14 Defined.—In this section, the term "interactive com-
- 15 puter service provider" has the meaning given the term
- 16 "interactive computer service" in section 230(e)(2) of the
- 17 Communications Act of 1934 (47 U.S.C. 230(e)(2)).
- 18 SEC. 305. RECEIPT OF TRANSMISSIONS BY PRIVATE PER-
- 19 **SONS.**
- 20 (a) Termination of Transmissions.—A person
- 21 who receives from any other person an electronic mail
- 22 message requesting the termination of further trans-
- 23 mission of commercial electronic mail shall cease the initi-
- 24 ation of further transmissions of such mail to the person
- 25 making the request.

1	(b) Affirmative Authorization of Trans-
2	MISSIONS.—
3	(1) In general.—Subject to paragraph (2), a
4	person may authorize another person to initiate
5	transmissions of unsolicited commercial electronic
6	mail to the person.
7	(2) Availability of Termination.—A person
8	initiating transmissions of electronic mail under
9	paragraph (1) shall include, with each transmission
10	of such mail to a person authorizing the trans-
11	mission under that paragraph, the information speci-
12	fied in section $301(a)(2)(C)$.
13	(c) Constructive Authorization of Trans-
14	MISSIONS.—
15	(1) In general.—Subject to paragraphs (2)
16	and (3), a person who secures a good or service
17	from, or otherwise responds electronically to, an
18	offer in a transmission of unsolicited commercial
19	electronic mail shall be deemed to have authorized
20	the initiation of transmissions of unsolicited com-
21	mercial electronic mail from the person who initiated
22	the transmission.
23	(2) No authorization for requests for
24	TERMINATION.—An electronic mail request to cease

the initiation of further transmissions of electronic

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1	mail under subsection (a) shall not constitute au-
2	thorization for the initiation of further electronic
3	mail under this subsection.
4	(3) Availability of Termination.—A person
5	initiating transmissions of electronic mail under
6	paragraph (1) shall include, with each transmission
7	of such mail to a person deemed to have authorized
8	the transmission under that paragraph, the informa-
9	tion specified in section 301(a)(2)(C).
10	(d) Effective Date of Termination Require-
11	MENTS.—Subsections (a), (b)(2), and (c)(3) shall take ef
12	fect 30 days after the date of enactment of this Act.
13	SEC. 306. DEFINITIONS.
14	In this title:
15	(1) COMMERCIAL ELECTRONIC MAIL.—The
16	term "commercial electronic mail" means any elec
17	tronic mail that—
18	(A) contains an advertisement for the sale
19	of a product or service;
20	(B) contains a solicitation for the use of a
21	telephone number, the use of which connects
22	the user to a person or service that advertises
22 23	the user to a person or service that advertises the sale of or sells a product or service; or

1	advertisement referred to in subparagraph (A)
2	or a solicitation referred to in subparagraph
3	(B).
4	(2) Commission.—The term "Commission"
5	means the Federal Trade Commission.
6	(3) the term "initiate the transmission" in the
7	case of an electronic mail message means to origi-
8	nate the electronic mail message, and does not en-
9	compass any intervening interactive computer service
10	whose facilities may have been used to relay, handle,
11	or otherwise retransmit the electronic mail message,
12	unless the intervening interactive computer service
13	provider knowingly and intentionally retransmits any
14	electronic mail in violation of section 301 or 305.
15	TITLE IV—MISCELLANEOUS
16	PROVISIONS
17	SEC. 401. ENFORCEMENT OF REGULATIONS REGARDING
18	CITIZENS BAND RADIO EQUIPMENT.
19	Section 302 of the Communications Act of 1934 (47
20	U.S.C. 302) is amended by adding at the end the follow-
21	ing:
22	"(f)(1) Except as provided in paragraph (2), a State
23	or local government may enforce the following regulations
24	of the Commission under this section:

- 1 "(A) A regulation that prohibits a use of citi-
- 2 zens band radio equipment not authorized by the
- 3 Commission.
- 4 "(B) A regulation that prohibits the unauthor-
- 5 ized operation of citizens band radio equipment on
- 6 a frequency between 24 MHz and 35 MHz.
- 7 "(2) Possession of a station license issued by the
- 8 Commission pursuant to section 301 in any radio service
- 9 for the operation at issue shall preclude action by a State
- 10 or local government under this subsection.
- 11 "(3) The Commission shall provide technical guid-
- 12 ance to State and local governments regarding the detec-
- 13 tion and determination of violations of the regulations
- 14 specified in paragraph (1).
- 15 "(4)(A) In addition to any other remedy authorized
- 16 by law, a person affected by the decision of a State or
- 17 local government enforcing a regulation under paragraph
- 18 (1) may submit to the Commission an appeal of the deci-
- 19 sion on the grounds that the State or local government,
- 20 as the case may be, acted outside the authority provided
- 21 in this subsection.
- 22 "(B) A person shall submit an appeal on a decision
- 23 of a State or local government to the Commission under
- 24 this paragraph, if at all, not later than 30 days after the

- 1 date on which the decision by the State or local govern-
- 2 ment becomes final.
- 3 "(C) The Commission shall make a determination on
- 4 an appeal submitted under subparagraph (B) not later
- 5 than 180 days after its submittal.
- 6 "(D) If the Commission determines under subpara-
- 7 graph (C) that a State or local government has acted out-
- 8 side its authority in enforcing a regulation, the Commis-
- 9 sion shall reverse the decision enforcing the regulation.
- 10 "(5) The enforcement of a regulation by a State or
- 11 local government under paragraph (1) in a particular case
- 12 shall not preclude the Commission from enforcing the reg-
- 13 ulation in that case concurrently.
- 14 "(6) Nothing in this subsection shall be construed to
- 15 diminish or otherwise affect the jurisdiction of the Com-
- 16 mission under this section over devices capable of interfer-
- 17 ing with radio communications.".
- 18 SEC. 402. MODIFICATION OF EXCEPTION TO PROHIBITION
- 19 ON INTERCEPTION OF COMMUNICATIONS.
- 20 (a) Modification.—Section 2511(2)(d) of title 18,
- 21 United States Code, is amended by adding at the end the
- 22 following: "Notwithstanding the previous sentence, it shall
- 23 not be unlawful under this chapter for a person not acting
- 24 under the color of law to intercept a wire, oral, or elec-
- 25 tronic communication between a health insurance issuer

- 1 or health plan and a subscriber of such issuer or plan,
- 2 or between a health care provider and a patient, only if
- 3 all of the parties to the communication have given prior
- 4 express consent to such interception. For purposes of the
- 5 preceding sentence, the term 'health insurance issuer' has
- 6 the meaning given that term in section 733 of the Em-
- 7 ployee Retirement Income Security Act of 1974 (29
- 8 U.S.C. 1191b), the term 'health plan' means a group
- 9 health plan, as defined in such section of such Act, an
- 10 individual or self-insured health plan, the medicare pro-
- 11 gram under title XVIII of the Social Security Act (42
- 12 U.S.C. 1395 et seq.), the medicaid program under title
- 13 XIX of such Act (42 U.S.C. 1396 et seq.), the State chil-
- 14 dren's health insurance program under title XXI of such
- 15 Act (42 U.S.C. 1397aa et seq.), and the Civilian Health
- 16 and Medical Program of the Uniformed Services under
- 17 chapter 55 of title 10, and the term 'health care provider'
- 18 means a physician or other health care professional.".
- 19 (b) Recording and Monitoring of Communica-
- 20 TIONS WITH HEALTH INSURERS.—
- 21 (1) Communication without recording or
- 22 MONITORING.—Notwithstanding any other provision
- of law, a health insurance issuer, health plan, or
- health care provider that notifies any customer of its
- intent to record or monitor any communication with

1	such customer shall provide the customer the option
2	to conduct the communication without being re-
3	corded or monitored by the health insurance issuer,
4	health plan, or health care provider.
5	(2) Definitions.—In this subsection:
6	(A) HEALTH CARE PROVIDER.—The term
7	"health care provider" means a physician or
8	other health care professional.
9	(B) HEALTH INSURANCE ISSUER.—The
10	term "health insurance issuer" has the meaning
11	given that term in section 733 of the Employee
12	Retirement Income Security Act of 1974 (29
13	U.S.C. 1191b).
14	(C) HEALTH PLAN.—The term "health
15	plan'' means—
16	(i) a group health plan, as defined in
17	section 733 of the Employee Retirement
18	Income Security Act of 1974 (29 U.S.C.
19	1191b);
20	(ii) an individual or self-insured
21	health plan;
22	(iii) the medicare program under title
23	XVIII of the Social Security Act (42
24	U.S.C. 1395 et seq.);

1	(iv) the medicaid program under title
2	XIX of such Act (42 U.S.C. 1396 et seq.)
3	(v) the State children's health insur-
4	ance program under title XXI of such Act
5	(42 U.S.C. 1397aa et seq.); and
6	(vi) the Civilian Health and Medica
7	Program of the Uniformed Services under
8	chapter 55 of title 10, United States Code
9	SEC. 403. CONSUMER TRUTH IN BILLING DISCLOSURE ACT
10	(a) FINDINGS.—Congress makes the following find-
11	ings:
12	(1) Billing practices by telecommunications car-
13	riers may not reflect accurately the cost or basis of
14	the additional telecommunications services and bene-
15	fits that consumers receive as a result of the enact-
16	ment of the Telecommunications Act of 1996 (Public
17	Law 104–104) and other Federal regulatory actions
18	taken since the enactment of that Act.
19	(2) The Telecommunications Act of 1996 was
20	not intended to allow providers of telecommuni-
21	cations services to misrepresent to customers the
22	costs of providing services or the services provided
23	(3) Certain providers of telecommunications
24	services have established new, specific charges or

- 1 customer bills commonly known as "line-item charges".
 - (4) Certain providers of telecommunications services have described such charges as "Federal Universal Service Fees" or similar fees.
 - (5) Such charges have generated significant confusion among customers regarding the nature of and scope of universal service and of the fees associated with universal service.
 - (6) The State of New York is considering action to protect consumers by requiring telecommunications carriers to disclose fully in the bills of all classes of customers the fee increases and fee reductions resulting from the enactment of the Telecommunications Act of 1996 and other regulatory actions taken since the enactment of that Act.
 - (7) The National Association of Regulatory Utility Commissioners adopted a resolution in February 1998 supporting action by the Federal Communications Commission and the Federal Trade Commission to protect consumers of telecommunications services by assuring accurate cost reporting and billing practices by telecommunications carriers nationwide.

1	(b) Requirements.—Any telecommunications car-
2	rier that includes any change resulting from Federal regu-
3	latory action shall specify in such bill—

- (1) the reduction in charges or fees for each class of customers (including customers of residential basic service, customers of other residential services, small business customers, and other business customers) resulting from any regulatory action of the Federal Communications Commission;
- (2) total monthly charges, usage charges, percentage charges, and premiums for each class of customers (including customers of residential basic service, customers of other residential services, small business customers, and other business customers);
- (3) notify consumers one billing cycle in advance of any changes in existing charges or imposition of new charges; and
- (4) disclose, upon subscription, total monthly charges, usage charges, percentage charges, and premiums for each class of customers (including residential basic service, customers of other residential

- 1 service, small business customers, and other business
- 2 customers).

Passed the Senate May 12, 1998.

Attest:

Secretary.

105TH CONGRESS S. 1618

AN ACT

To amend the Communications Act of 1934 to improve the protection of consumers against "slamming" by telecommunications carriers, and for other purposes.