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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEB SITE: <http://commerce.senate.gov>

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March 31, 2011

Mr. Glen F. Post, III
President and Chief Executive Officer
CenturyLink, Inc.
100 CenturyLink Drive
Monroe, Louisiana 71201

Dear Mr. Post:

Every year, American consumers face billions of dollars in unauthorized charges on their credit cards, checking accounts, and telephone bills. Given the financial impact of this widespread problem, when I became Chairman of the Senate Commerce Committee in 2009, I directed the Committee to take a close look at any conduct or practice that leads to these unauthorized charges. The Committee has already completed one investigation which showed that hundreds of well-known websites used a misleading online marketing practice to place more than a billion dollars of unauthorized charges on consumers' debit card and credit card accounts.¹ While Congress outlawed that specific practice in response to the Committee's investigation, millions of American consumers continue to struggle with unauthorized charges on their bills. Today, I am writing to ask CenturyLink, Inc., about unauthorized third-party charges on landline telephone bills, a practice commonly referred to as "cramming."

As you know, many telephone companies allow vendors to place charges on their customers' landline telephone bills. Once a vendor obtains a telephone company's approval to place third-party charges on its telephone bills, a consumer's telephone number works like a credit card or debit card account number for that vendor. An approved vendor can accept a consumer's telephone number as a means of payment and can place a charge for a service on the consumer's telephone bill. Once the consumer pays his or her telephone bill, the telephone company then sends the consumer's payment for the third-party charge to the vendor through a billing aggregator. Telephone companies typically earn revenue for providing this service.

While allowing vendors to place charges on consumers' telephone bills may provide some conveniences for consumers, it appears that this practice also creates an easy target for those interested in stealing from consumers through cramming. Companies engaged in cramming have used a variety of methods, whether through deceptive telemarketing, misleading enrollment pages on the Internet, or even outright fraud, to scam consumers. For over a decade, federal and state law enforcement authorities have pursued cases against individuals and

¹Senate Committee on Commerce, Science, and Transportation, *Staff Report on Aggressive Sales Tactics on the Internet and Their Impact on American Consumers* (Nov. 16, 2009) (available at <http://commerce.senate.gov>).

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companies for cramming. Yet when the authorities shut down one cramming scheme, others take its place. According to the Federal Trade Commission, Federal Communications Commission, state Attorneys General, news reports, and various other online sources, consumers still constantly complain that their telephone bills include charges for services they did not order.

For this reason, in June 2010, I opened an investigation into cramming and requested information from AT&T, Qwest, and Verizon to better understand the severity of the problem. In December 2010, I sent additional requests for information to a number of vendors that were currently placing third-party charges on consumers' landline telephone bills. I expanded the scope of the investigation because the Committee's initial findings raised concerns about the kinds of companies that have been approved to place third-party charges on consumers' telephone bills. A review conducted by my staff last fall showed that over 250 vendors with approval to place charges on AT&T, Qwest, and Verizon telephone bills had received a 'D' or 'F' rating from the Better Business Bureau for unresolved complaints stemming from unauthorized charges on telephone bills. Since that time, the Committee's investigation has only raised further concern about cramming and third-party billing on telephone bills.

In order to help the Senate Commerce Committee better understand the scope of the cramming problem throughout the telecommunications industry, please provide the information requested below. In each of the requests, "CenturyLink" refers to "CenturyLink, Inc.," "CenturyTel, Inc.," "Embarq, Inc.," and their subsidiaries.

1. Does CenturyLink allow vendors to place third-party charges on its customers' landline telephone bills? If so, explain why and provide responses to the additional requests below.
2. What are CenturyLink's policies and procedures for removing vendors who engage in cramming?
3. What are CenturyLink's policies and procedures for handling customers who contact CenturyLink to complain about unauthorized third-party charges on their CenturyLink telephone bills?
4. For the last five years, provide a list of the vendors that have placed third-party charges on CenturyLink's customers' landline telephone bills.
5. For the vendors listed in response to (4), provide a list of those vendors CenturyLink has terminated from placing third-party charges on CenturyLink's customers' landline telephone bills, the date of that termination, and an explanation for the termination.
6. For each of the last five years, provide the following data:
 - a. the number of third-party charges placed on CenturyLink's customers' landline telephone bills;
 - b. the dollar value of the third-party charges placed on CenturyLink's customers' landline telephone bills; and

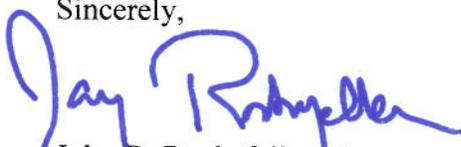
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- c. the revenue CenturyLink generated from placing third-party charges on its customers' landline telephone bills.
7. What steps does CenturyLink take to ensure that its customers have authorized the third-party charges that companies submit for placement on their landline telephone bills?
8. Does CenturyLink allow its customers to block all third-party charges from their landline telephone bills? If so, is there a fee for this service?

Please provide the requested information by Monday, April 18, 2011.

The Committee is conducting this investigation under the authority of Senate Rules XXV and XXVI. An attachment to this letter provides additional information about how to respond to the Committee's request. If you have any questions, please contact Erik Jones or Jim Trilling with the Committee staff at (202) 224-1300.

Sincerely,



John D. Rockefeller IV
Chairman

Enclosure

cc: Kay Bailey Hutchison
Ranking Member