Washington Post
April 22, 1998
p. C11

FCC Pulls Licenses Of Slamming 'King'

Record $5.7 Million in Fines Also Levied

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He calls himself Daniel Fletcher. But the feds are calling him the "king of the slammers."

In the biggest crackdown to date against "slamming"—the unauthorized switching of consumers' long-distance service—the Federal Communications Commission yesterday for the first time revoked a long-distance carrier's operating licenses and levied a record $5.7 million in fines against the companies' mysterious owner.

Now all they have to do is find him. Once a resident of Sterling, Fletcher hasn't been heard from since he left a voice mail message at the FCC two years ago, officials there say. He has used post office addresses in the District, Northern Virginia and Texas and has refused to respond to repeated agency queries.

"We have no idea" of his whereabouts, said a person at his parents' home in Sterling yesterday. "We're not commenting at this time."

"This is a truly bad actor," said FCC Chairman William E. Kennard. "He is a fellow who clearly had intent to violate the FCC's rules and we're hitting him hard."

Such tough talk is uncharacteristic of Kennard and the FCC, an agency that typically enforces rules with politely worded letters requesting more information from alleged infractors. Its previous highest fine for slamming was $500,000, against a company that settled without admitting wrongdoing.

Investigators allege that Fletcher at one point switched 500,000 consumers to his long-distance company without their authorization. In total, they say, Fletcher's customers ran up bills of nearly $20 million. His firms leased bulk capacity from big companies such as AT&T Corp. and Sprint Corp. for sale under his various brand

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names, then skipped out owing the big companies about $4 million.

Slamming is an old problem that continues to grow despite periodic FCC action. The agency received 20,000 complaints about slamming in 1997, a 56 percent increase from the previous year.

Under the court order that broke up the Bell telephone system monopoly in 1984, Americans are free to pick their long-distance company. But local phone firms such as Bell Atlantic Corp., which set up the connections, don't normally hear directly from consumers: The local firms rely on the long-distance companies to tell them which customers want which service.

In the 1980s FCC rules allowed long-distance firms to request a service change based on a customer's verbal instructions to a telemarketer. That led to abuses, so the FCC changed the rules to require written confirmation from the customer. The slamming continues, however, as unscrupulous companies fake those signatures or hide authorization of a change in the fine print of a sweepstakes agreement that a person signs.

Fletcher also has been under the microscope of the Senate Governmental Affairs subcommittee on investigations, which is planning a hearing tomorrow to highlight how the FCC failed to to deal forcefully with Fletcher after three years of complaints. "I have found that the FCC's enforcement of slamming is weak," said Chairman Susan Collins (R-Maine), herself a slamming victim.

According to investigators, Fletcher sold service under as many as 10 brand names. He typically gave his businesses vague names that might escape the attention of those who only glance at their phone bills: Phone Calls Inc., Monthly Phone Services Inc., Long Distance Services Inc. and Consumer Communications Network. Other names included the Christian Consumer Network and Charity Long Distance.

Congressional investigators describe Fletcher as a 29-year-old minister's son who likely fled the country after obtaining a passport in June 1996, when the law began to come down on him.

He allegedly often got customers by having them fill out contest entry forms, whose fine print constituted permission to switch carriers. Or Fletcher's telemarketing staff would call people at home, and even if they declined an offer to switch would switch them anyway. In some cases, officials said, consumers' names were forged on authorization letters.

Collins's investigators say they have videotape of Fletcher in a television ad that ran on local cable stations in March 1994. In the ad, he drives up in a white gull-wing Italian sports car. "Hi. I'm Daniel Fletcher," the man says. "Join in our $10,000 giveaway," by entering a sweepstakes. He doesn't say that the contest also switches participants' long-distance service.

Kennard also said the agency will vote within weeks on new, tougher rules against slamming. The biggest proposed change would let consumers refuse to pay for phone calls carried by companies they did not authorize to be their carrier. Slammers also would have to pay the customers' preferred carrier double the price of each slammed call.

Though the FCC received 1,400 slamming complaints against Fletcher, an unusually high number for a small long-distance carrier, complaints against AT&T, Sprint and MCI Communications Corp., which have much larger customer bases, are far more numerous.

AT&T in March announced stepped-up monitoring against slamming and said it would discontinue use of outside sales agents who sell AT&T long-distance service at local community events. The company estimates it wrongfully switched fewer than 100,000 consumers in 1997, and said about 500,000 of its customers were "slammed" to another long-distance company.