



The State of South Carolina
Department of Consumer Affairs

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July 3, 2017

Marlene H. Dortch
 Office of the Secretary
 CG Docket No. 17-59
 Federal Communications Commission
 445 12th Street SW
 Washington, DC 20554

RE: FCC-17-24 Advanced Methods to Target and Eliminate Unlawful Robocalls

Dear Ms. Dortch:

The South Carolina Department of Consumer Affairs (“SCDCA”) is pleased to offer comments in response to the Federal Communications Commission’s (“FCC”/“Commission”) proposed rule on Advanced Methods to Target and Eliminate Unlawful Robocalls. SCDCA is the state’s consumer protection agency. Established in 1974, SCDCA is responsible for the administration and enforcement of Title 37 of the South Carolina Code of Laws, the Consumer Protection Code. Additionally, SCDCA has responsibility over the statutes placing limitations on telephone solicitations and telephone calls made with automatically dialed announcing devices.¹

SCDCA helps formulate and modify consumer laws, policies, and regulations; resolves complaints arising out of the production, promotion, or sale of consumer goods or services in South Carolina, whether or not credit is involved; and promotes a healthy competitive business climate with mutual confidence between buyers and sellers. Overall, SCDCA protects consumers while giving due regard to those businesses acting in a fair and honest manner. In 2012, the South Carolina General Assembly funded the Identity Theft Unit (“Unit”), SCDCA’s newest division. The Unit focuses on assisting victims of identity theft, persons affected by security breaches, as well as related consumer education. Scam reports received by SCDCA are processed by the Unit, as the main goal of a fraudster is often to separate consumers from their personal identifying information or financial resources.

¹ S.C. Code § § 16-17-445, 446 (2003).

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SCDCA supports the proposed rule and offers the following comments for the FCC's consideration based upon SCDCA's research and experience as a regulator, responding to consumer inquiries and processing consumer complaints/ scam reports.

Discussion

The Unit received 6,513 complaints between January 1, 2015 and June 29, 2017. Consumer complaints originating from telephone solicitations are divided into varied categories including debt collection, phishing, imposter scams, spoofing and "Do Not Call" violations. Of the complaints received in the above time period, a total of 2,523 scam reports were related to an unsolicited telephone call to a consumer and categorized as an imposter scam, spoofing or "Do Not Call" issue.

These three categories are often intermingled. Fraudsters perpetrate the scam utilizing technology to disguise their identity (spoofing) while failing to comply with the Do Not Call registry. The primary component, however, is the scam artist posing as a legitimate organization or person with whom the consumer is familiar. As such, SCDCA most frequently records the scam report within the imposter category.

While SCDCA received a handful of complaints where spoofing or "Do Not Call" violations² were the central issue, imposter scams dominate the three classifications examined, composing 2,497 of the 2,523 complaints received (99% of examined complaints). A classic example of an imposter scam is the fake IRS call. Seven hundred of the 1,207 complaints received in 2015 where IRS scammers demanding consumers pay "taxes owed" or face consequences such as arrest or deportation. Fraudsters utilized spoofing when perpetuating this scam and placed calls without regard to the do not call registry.³

Imposter scams are active solicitations associated with real money metrics. SCDCA documented approximately \$446,000 paid by consumers as a result of this scam type over the last two and a half years with an additional amount of \$521,000 requested from consumers who did not fall victim to the scam- a total scam target value of \$967,676. Actual losses in 2015 totaled \$260,959 with potential losses of \$303,898; 2016 actual losses substantially decreased to \$118,469 with a decrease in potential losses to \$129,124. The current year complaints, however, have actual losses at \$67,178 with potential losses at \$88,048. Unfortunately, this reflects a significant dollar lost increase per call as 2017 has only received 27% of 2016's scam reports yet consumers have lost 57% last year's actual loss totals while SCDCA has captured 68% of 2016's potential losses for the current year at the half way point.

As based on the above, SCDCA supports the proposed rule. By allowing system provider blocking of calls originating from unallocated numbers, invalid numbers, and allocated yet

² Do Not Call List violations were the smallest set, representing only 14 calls over the multiyear period. Similarly statistically situated were the number of telephonic spoofing complaints, clocking in at 16 complaints across the years examined.

³ See SCDCA press release, "Fake IRS Calls Top the List of Scams in 2015", available at http://www.consumer.sc.gov/Documents/PI/Press_Releases/Archive/2016/16004.pdf.



unassigned numbers, the FCC's plan appropriately addresses the tactics that many robocall scammers use in obscuring the call's origin. Likewise, SCDCA supports the FCC allowing individual users to block calls from assigned numbers. SCDCA acknowledges the benefits an individual consumer can realize by blocking a repeat caller; however, SCDCA encourages the development of protocols for system operators to ensure blocks are not grandfathered over to assignees who later receive the numbers.

Conclusion

The FCC's proposed rule offers enhanced consumer protection while posing little risk to the quality of service provided. While these steps will not eliminate robocalls entirely, the rule increases consumer protection by removing the popular avenues these scam artists tread and hopefully will lower consumer dollars lost to scam artists employing robocalls.

SCDCA appreciates the opportunity to comment on the proposed rule on Advanced Methods to Target and Eliminate Unlawful Robocalls. We commend the Commission for the work and effort put into this process and appreciate the task at hand. SCDCA hopes you find the information we provided beneficial as you continue to monitor these issues. Should you have any questions pertaining to our comments, please feel free to contact me at 803-734-4233.

Best Regards,

A handwritten signature in blue ink that reads "Carri Grube Lybarker". The signature is fluid and cursive.

Carri Grube Lybarker, Esq.
Administrator/ Consumer Advocate