

New Report Warns Scam Robocalls Will Continue As Long As Telephone Providers Can Rake in the Profits

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Telephone service providers profit from more than a billion scam robocalls a month placed to U.S. telephone subscribers

WASHINGTON - A new report from the National Consumer Law Center (NCLC) and the Electronic Privacy Information Center (EPIC) finds that the tens of millions of daily scam robocalls designed to steal money from unsuspecting consumers translate into revenue for telephone providers. These often small, pop-up VOIP telephone providers are paid per call connected even when the calls are recognizably automated attempts at criminal fraud.

The report, **Scam Robocalls: Telecom Providers Profit** explains the depth of the problem (including the number of Robocalls made to residents of each state), the reasons for the problem, and how the Federal Communications Commission has responded, and recommends several simple strategies that would dramatically reduce these fraudulent robocalls.

“Even when these providers are told—sometimes repeatedly—that they are transmitting fraudulent calls, they keep doing it, because they are making money from these calls,” **said Margot Saunders, senior attorney at the National Consumer Law Center.** “And even when they are caught and told to stop, they are not criminally prosecuted, and the fines that are levied are rarely collected.”

Every month well over one billion scam robocalls—calls to defraud telephone subscribers—are made to American telephones, more than 33 million scam robocalls a day. Criminals make these calls to scare or trick Americans into turning over hundreds or thousands of dollars. But even when the scam doesn’t work, the telephone providers profit from letting these fraudsters reach subscribers’ phones.

“Telephone service providers choose whether to accept calls from upstream providers based on what the provider is willing to pay—and advances in technology coupled with flexible, inexpensive call routing, have made it cheap and easy for bad actors, based both here and abroad, to find providers willing to transmit tens of millions of illegal calls every day,” **said Chris Frascella, law fellow at the Electronic Privacy Information Center.** “Until it becomes more costly to assist criminal fraud than to stop it, scammers will continue to find providers willing to accept payment for passing these dangerous and illegal calls to our phones.”

The FCC has initiated regulatory efforts and enforcement actions aimed at controlling these illegal calls. *Yet, every month, well over a billion scam robocalls still continue to ring on the telephones of U.S. subscribers.*

Last year almost 60 million Americans lost over \$29 billion to these scam callers and more than one million complaints were made to the FTC about scams from calls and texts. The problem has become so pervasive that 70% of Americans do not answer calls from numbers they do not recognize.

The report recommends several simple principles that would stop many fraudulent robocalls.

- All providers in the call path should have an affirmative obligation to engage in effective mitigation against illegal robocalls.
- Providers who knew or should have known that they were transmitting illegal robocalls should face clear financial consequences.
- Law enforcement, telephone service providers, victims of scam calls, legal robocallers, and the general public should have access to all available information about the sources of the illegal robocalls and their complicit providers.

“If these crimes were occurring in the physical world, rather than over the telephone and internet, law enforcement would not hesitate to arrest the thieves and the providers enabling them,” **added Saunders.** “The FCC should provide the same level of protection to American telephone subscribers.”

Related materials:

- Press release: NCLC, EPIC Urge FCC to Hold Voice Service Providers Accountable for Transmitting Illegal Robocalls, Jan. 11, 2022
- NCLC Digital Library: Getting Money Back For Scammed Consumers, Dec. 15, 2020
- Issue Brief: How Congress and the FCC Can Protect Americans from Invasive and Dangerous Robocalls and Robotexts, November 2020