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TECH

Why Robocallers Win Even if You Don't Answer

Ignoring a robocall doesn't keep some scammers from making money from caller-ID services



Hiya, one of hundreds of apps with call-blocking features, tracked nearly 5 billion robocalls made to U.S. cellphones in the first quarter of 2018. PHOTO: ISTOCK

By Sarah Krouse

June 4, 2018 5:30 a.m. ET

Caller ID is feeding one of the very problems it was developed to stop: junk calls.

Illegitimate robocallers, or outfits that flood American landlines with marketing calls, use the decades-old identification system to make money, even when no one picks up.

While scammers' biggest paydays come from tricking victims into handing over credit card or bank account information, many robocallers make incremental cash along the way, thanks to little-known databases that try to identify who is calling.

Each time a caller's name is displayed, phone companies pay small fees—typically fractions of pennies—to databases that store such records. Some of these fees are handed back to the caller.

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With millions of automated calls a day, the amounts can add up.

- Robocallers Target Chinese Speakers in Latest Phone Scam

"It's slow nickels, not fast dimes" for scammers, but it helps offset the costs of

making the calls, said Aaron Woolfson, president of TelSwitch Inc., a company that licenses out telecommunications-billing software.

While mobile phones have replaced traditional phones in many households, about 121 million landline connections exist in U.S. homes, according to the Federal Communications Commission. Those landlines are increasingly on the receiving end of robocalls masquerading as telemarketers, the Internal Revenue Service or immigration officials.

It is difficult to quantify the number of robocalls that landlines receive, but mobile applications aimed at detecting and blocking robocallers offer a glimpse of the problem’s scale. Hiya, one of hundreds of apps with call-blocking features, tracked nearly 5 billion robocalls made to U.S. cellphones in the first quarter of 2018, a 10% increase from the year-earlier period.

Many robocallers have gotten more sophisticated by “spoofing” or making up the caller ID a recipient sees on their cellphone or landline. In the case of so-called neighbor spoofing, robocallers match their number to a local area code to encourage victims to answer. Americans made hundreds of complaints about such calls to the FCC in the first five months of the year, according to an agency spokesman, double those made in the same period last year.

The chain of transactions in many other illegal robocalling schemes works like this: Scammers purchase a block of unused telephone numbers and submit bogus names and addresses for those numbers to caller-ID databases.

They often hire call centers to blast out millions of robocalls, which trigger queries to caller-ID databases. Some databases are run by carriers themselves such as AT&T Inc., while others are operated by other companies such as Neustar Inc.

The recipient’s carrier pays a small fee for that information request when it delivers a name, typically between \$0.0025 and \$0.005, according to people who operate the databases. Some databases then pass a portion of that micropayment back to the company that controls the calling phone number, the company completing the call or their client.

A spokesman for AT&T said the firm offers its customers tools to stop robocalls and that “over time we have improved our defense against them, such as altering the requirements for payments to our caller-ID database customers, which has enabled us to better police our database and to remove incentives for prohibited activities.”

Neustar is in the process of ending its revenue sharing from its database queries with some call-service providers, a spokeswoman said.

James Garvert, vice president of product management for caller ID at Neustar, said the company had not seen compensation from its caller-ID database used for illegal robocalling campaigns.

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HOW TO FIGHT BACK	Voice
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<ul style="list-style-type: none">• Don't answer and don't call back. Answering a robocall or returning the call indicates to a scammer that they have reached a working number and potential target.• Put your number on the FTC's National Do Not Call Registry. Adding yourself to this database is free and your registration never expires, but doing this alone is unlikely to stop all automated calls.• Download a call-blocking app. Nomorobo and Hiya are among the hundreds of applications that monitor and block phone numbers used by robodialers.• Call your phone company. Ask what tools or products they offer to block scam calls. The FCC keeps a handy list.• File a complaint to the FTC and FCC. The agencies use unwanted-call data to track trends and bring enforcement actions.	Broadcast ing Software, a Los Angeles company that offers call centers for hire, advertises
on its website the ability to make as many as six million calls a minute. Through its revenue-	

sharing program, customers can make \$2,500 to \$5,000 a month per five million queries made to caller ID databases, its website says. Efforts to reach the company were unsuccessful.

Regulators monitor such revenue-sharing deals. In a 2015 Federal Trade Commission case against companies accused of making billions of illegal robocalls pitching cruises, the FTC alleged that \$135,000 in “dip fees” from caller-ID database queries over four months helped fund the campaign.

To date, efforts by regulators to crack down on scammers and call centers complicit in their campaigns have brought little relief.

A big obstacle, telecommunications lawyers say, is that not all robocalls are illegal. Some are made for legitimate purposes such as doctors appointment reminders or political campaigns. The call centers or number sellers hired for legitimate purposes can also be used by scammers.

“The whole network has been structured in such a way by mandate to deliver calls,” not block them, said Jim McEachern, principal technologist at trade group the Alliance for Telecommunications Industry Solutions, which is working on a method of verifying calls. “It’s designed not to make judgment on whether it’s a good call or a bad call.”

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