



## **CONSUMER PROTECTION STANDARDS OF PRACTICE OF ILD TELECOMMUNICATIONS**

In order to protect consumers from unauthorized, deceptive or ambiguous charges on their telephone bills, ILD hereby adopts and agree to be bound by the following Consumer Protection Standards of Practice.

### **PRE-SCREENING OF PROVIDERS AND SERVICES**

ILD commits to pre-screening all prospective merchant-customers and the programs, products and services they offer.

### **SCREENING OF PROVIDERS**

ILD will require as a precondition for any business relationships the following information:

- Service provider company name and address.
- Names of officers and principals of the company.
- Proof of corporate or partnership status.
- Copies of certifications as required.
- Foreign corporation filings as required.
- Any information regarding whether the company, its affiliates and/or its officers or principals have been subject to prior conviction for fraud or have had billing services terminated.
- That any tariffs be made available on request.
- The names, addresses, officers and principals of any telemarketing, online advertising or direct mail companies to be used by the merchant-customer.
- The names, addresses, officers and principals of any third party verification companies to be used by the merchant-customer.

### **SCREENING OF PROGRAMS, PRODUCTS AND SERVICES**

ILD requires the following information to be provided to the Company:

- Marketing materials (online and offline)
- Marketing Channels
- Advertisements (print or other media).
- Applicable fulfillment package (which must include cancellation information if not included elsewhere and a toll free customer service telephone number).
- Scripts for both sales and validation.

- Honest, clear and understandable text phrase for telephone bill.
- Prior notification of any material change in the above information.
- ILD will refuse to provide billing for services employing the following practices (online and offline):
  - Box, sweepstakes, or contest-type entry forms.
  - Negative option sales offers, including negative option "free trial" periods.
  - 800 pay per call.
  - Collect callback.
  - Phantom billing (charging for calls never made or services never provided).
  - Such other programs, products or services ILD determines to be deceptive or anti-consumer.
  - ILD maintains an internal standards committee to review the information collected for both providers and programs
  - ILD maintains no vested sales interest in the acceptance of a service, product or program.

## **COMPLIANCE MONITORING**

In order to better police the business practices of its merchant-customers and to assure the efficiency of its screening procedures, ILD engages in active monitoring of providers and programs. ILD:

- Monitors consumer inquiries and maintains established thresholds.
- Monitors consumer complaints to government agencies.
- Monitors escalated complaints to the local exchange carrier.
- Maintains up-to-date records regarding complaints and inquiries.
- Maintains action plans to respond to complaints and inquiries.
- Notifies merchant-customers of complaints or inquiries.
- Coordinates investigations with merchant-customers.
- ILD takes such disciplinary action as it determines is appropriate under the circumstances.

## MANDATORY AUTHORIZATION

It is critical that consumers can depend upon their authorization for the service, product or program for which they will be billed. Verification of authorization must be available from merchant-customers, on request, for a two-year period. ILD requires merchant-customers to employ one of the following forms of authorization, subject to applicable law:

- Letter of authorization or sales order, or
- Recorded independent third party verification, or Voice recording of telephone sales authorization.
- A valid authorization must include:
  - The date.
  - The name, address and telephone number of the consumer.
  - Assurance that the consumer is qualified to authorize billing.
  - A description of the product or service.
  - A description of the applicable charges.
  - An explicit consumer acknowledgement that the charges for the product or service will appear on the telephone bill.
  - A toll free telephone number that subscribers may call to make inquiries concerning the service.
  - The acceptance by the consumer of the offer.
- In addition, authorization verified by an independent third party must include:
  - An initial statement that the purpose of the verifications is to confirm the consumer's intention to accept the sales offer.
  - A statement that the merchant-customer is not affiliated with a LEC, where there is no affiliation.
  - A unique consumer identifier.
  - A review by third party personnel of the entire verification where the verification is automated.
  - An independent third party verifier must meet the following criteria:
    - It must be completely independent of the merchant-customer and the telemarketer.
    - It must not be owned, managed, controlled or directed by the merchant-customer or the telemarketer.
    - It must not have any financial incentive in the completion of the sale.

- It must operate in a location physically separate from the merchant-customer and the telemarketer.

## **CONSUMER-FRIENDLY BILLING PRACTICES**

Central to a consumer's right to ensure that they have not been crammed is the ability to understand and read the telephone bill. ILD agrees that informed consumers can better protect themselves from unauthorized products or services. ILD supports providing consumers a bill that can be easily understood.

Consumer bills should include:

- A clear identification of the billing entity.
- A clear identification of the merchant-customer.
- A clear description of products or services.
- A clear identification of the charges.
- The toll free telephone number that subscribers may call to make inquiries concerning the billing.

## **CONSUMER SATISFACTION**

Consumers must be able to easily and quickly discuss problems. ILD is committed to monitoring consumer satisfaction particularly with regard to any disputes or inquiries that may arise. ILD will provide quick and thorough responses. ILD shall provide on request:

The name, address, phone number and fax number of the service provider.

- The nature of any charge.
- The method of authorization.
- Information as to how a consumer may cancel a service or product.
- In addition, in order to facilitate resolution of disputes Members will:
  - Provide a toll free customer service number.
  - Provide dedicated staff to respond to consumer inquiries.
  - Provide a full and timely investigation of any dispute.
  - Initiate a credit or respond to the consumer within 30 days of the consumer's dispute.

## DISCLOSURE

ILD, upon request, will provide federal and state enforcement agencies with the following information:

- Identifying information with respect to terminated merchant-customers and programs.
- A description of specific practices relating to cramming that the ILD has encountered, and the steps being taken by ILD to correct them.
- Aggregate data with regard to complaints filed with federal and state government authorities received by ILD.

These Standards of Practice were formed in 1998 and updated by ILD in 1999 and again in 2008. These standards were developed in an effort to combat consumer fraud on the local telephone bill.

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