

National Aeronautics and Space Administration

Office of Inspector General
Washington, DC 20546-0001



July 11, 2011

The Honorable John D. Rockefeller
Chairman
Committee on Commerce, Science, and Transportation
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

At the request of staff from the Senate Committee on Science, Commerce, and Transportation, the National Aeronautics and Space Administration (NASA) Office of Inspector General (OIG) conducted a preliminary review to determine if telephone cramming is occurring at NASA. Cramming is the unauthorized, misleading, or deceptive addition of charges appearing on a wired or cellular telephone bill.¹

Executive Summary

Although we found a few instances of cramming on a wired, local telephone service bill at a NASA facility, we generally found that NASA is examining its telephone bills closely and is on the lookout for such activity. We selected two NASA Centers, Kennedy Space Center (Kennedy) and Wallops Flight Facility (Wallops), and reviewed local, long-distance, and cellular telephone billing records for January through April 2011. Our review found no indication of cramming charges on the wired telephone bills for local telephone service at Kennedy or the long distance or cellular bills at Wallops or Kennedy. However, we identified an improper charge of \$14.95 on the bills for wired, local telephone service at Wallops for January and February 2011, listed as a “billed on behalf” fee for “Digital Mail LCC.” The Wallops telecommunications specialist had identified and disallowed the charge prior to our review, the charge was removed from the bill, and NASA incurred no cost. However, in addition to these charges, the telecommunication specialist had identified several other cramming charges on the local, wired telephone bill over the past year.

Wallops purchases local telephone service through a decades-old telecommunications contract with Verizon, a contract scheduled to end in October 2011. Wallops officials believe that cramming charges will not be passed onto NASA once this contract ends and Wallops begins obtaining local telephone service through a General Service

¹ Wired refers to traditional landline telephone services. Cellular refers to mobile telecommunications services.

Administration (GSA) contract because NASA will pay for telephone service at a pre-negotiated price. Nevertheless, as a result of our review, Wallops officials contacted Verizon about the cramming issue, and Verizon added a cramming block to the account at no charge to prevent all third-party billing in the interim.

While we did not identify cramming charges on the cellular telephone bills we reviewed, according to one of the service providers, NASA's cellular bills have had cramming charges added for items such as ringtones and online games. Because NASA obtains cellular service at a fixed price through the Outsourcing Desktop Initiative (ODIN), these charges have not been passed on to NASA.² However, in light of our review, ODIN is working with the cellular providers to put mechanisms in place to block future cramming charges.

Currently, NASA relies on the telecommunication specialist at each Center to verify telephone billing charges prior to payment. To strengthen internal controls, we suggest that NASA request that all vendors providing telecommunications services to NASA block third-party billing to reduce the possibility of cramming charges being added to NASA's telephone bills. In addition, NASA should disseminate information on telephone cramming to the appropriate employees at each NASA Center to ensure that Agency personnel are aware of this unscrupulous practice and ensure that NASA does not pay for these improper charges.

Background

Many telephone companies allow vendors to place third-party charges on their customers' telephone bills.³ Cramming occurs when a misleading or deceptive charge is placed on a customer's telephone bill. There is no one type of cramming charge. For example, some charges appear on a bill just once while others – such as “subscription” charges – are billed on a reoccurring basis on behalf of a third party. Cramming charges can also appear on a bill with names such as “Minimum Use Fee,” “Activation,” “Member Fee,” “Voice Mail,” or “Web Hosting.”

NASA uses various contract vehicles to procure wired long-distance, wired local, and cellular telephone services. NASA obtains long distance service Agency-wide through GSA's Networx contract centrally managed at the Marshall Space Flight Center. In addition to providing desktop computing and communications support to NASA, ODIN provides cellular telephone service for the Agency on a fixed-price basis. Both GSA and ODIN provide contract management and centralized billing for NASA telephone service. The NASA Shared Services Center (NSSC) receives all telephone bills from the

² The Outsourcing Desktop Initiative for NASA (ODIN) is a long-term outsourcing arrangement with the commercial sector for providing and managing the vast majority of NASA's desktop, server, and intra-center communications assets and services.

³ Third-party charges are charges from anyone other than the telephone company.

providers and forwards the bills to each NASA Center for verification. Once the Center verifies the charges, the NSSC pays the bill.

At Kennedy, local and long-distance telephone service is obtained through the GSA, while cellular service is obtained through ODIN. The same holds true at Wallops, except that Wallops relies on a non-GSA legacy contract for local telephone service, currently provided by Verizon.

NASA Telephone Service Providers for Wallops and Kennedy		
Telephone Service Type	Telephone Service Provider	
	Wallops	Kennedy
Wired Long Distance	Qwest via GSA	Qwest via GSA
Wired Local	Verizon	AT&T via GSA
Cellular	ODIN via Lockheed Martin	ODIN via Lockheed Martin


Results


We found no indication of cramming charges on the GSA-provided local wired telephone bills at Kennedy or on the long-distance wired telephone bills at either Wallops or Kennedy. While the GSA Networkx contract does not have specific language related to telephone cramming, it does require each vendor to support agency-billing disputes on any unauthorized charges. Further, GSA has a billing verification branch that reviews all vendor invoices for accuracy. If a discrepancy is discovered, GSA will contact the vendor on the agency's behalf to seek an adjustment to the billing. In addition, NASA has a contractor dedicated to ensuring that long-distance charges that appear on its billing statements are accurate.

Wallops Flight Facility

We reviewed Wallops' local, wired telephone bills from Verizon from January through April 2011 and identified a small cramming charge on both the January and February bills – a \$14.95 fee billed on behalf of “Digital Mail LCC” (see bill image below). The Wallops telecommunication specialist had identified this charge and disallowed it prior to our review and NASA incurred no cost. The subsequent local wired bills for March and April 2011 show no charges for “Digital Mail LCC” and no other indications of other cramming charges. However, Wallops officials had not taken any specific actions to block the charge and did not know why the cramming attempts subsided. According to the Wallops telecommunication specialist, in addition to “Digital Mail LLC,” similar cramming charges have been added to Verizon bills for about a year. Examples of the charges identified and disallowed include:

- A charge from “ILD Teleservice” for \$19.95 in March 2010
- A charge from “ESBI” for \$14.95 in March 2010
- A charge from “Payment One” for \$39.94 in March 2010
- A charge from “Zero Plus Dialing” for \$3.95 in October 2010


 Billing Date: 02/01/11 Page 6 of 32
 Telephone Number: 757 824-1000
 Account Number: 000014975173 73Y
 How to Reach Us: See page 2


 Questions? Call : (800) 315-4477

This portion of your bill is provided as a service to MCI, a Verizon company.
 Please remember to pay your bill on time each month. Failure to pay your MCI charges could result in the loss of access to MCI's great products. It could also lead to the involvement of a collection agency. Your local telephone service will not be affected by failure to pay these charges.

Monthly Charges

Description	Amount
1 Adjustments (amount included on page 1)	-5,570.91
Total Monthly Charges	\$.00

Transaction Clearing

This portion of your bill is provided as a service to Transaction Clearing.
 Your local telephone service will not be disconnected for failure to pay the charges on this portion of your bill.

Miscellaneous Charges

- Activity on 757 824-2406
- Billed on behalf of Digital Mail LLC

Date	Description	Amount
2 1/16	DigitalMail MthlyFee	14.95
Total Miscellaneous Charges		\$14.95

Wallops local telephone bill for January 2011. The cramming charge is listed as “Billed on behalf of Digital Mail LLC.”

Source: NASA Shared Services Center

As mentioned previously, Wallops does not currently use GSA for local wired telephone service. However, in October 2011, Wallops will be transitioning to a GSA fixed-price contract for this service. Wallops officials believe that cramming charges will not be passed on to NASA under the GSA contract because NASA will pay for telephone service at a pre-negotiated price. Additionally, the contracting officer stated that he would work with NASA counsel to add appropriate language to block cramming in the new contract. In addition, in response to our review, Wallops officials contacted Verizon to ask about the feasibility of blocking third-party billing in the interim. Verizon stated that a cramming block could be added to the account at no charge, and the block has been placed on the telephone lines to prevent all third-party billing.

Kennedy Space Center

We reviewed the wired and cellular telephone bills for Kennedy from January through April 2011 and did not identify any cramming charges. Neither the Center telecommunications specialist nor the Supervisor of Information Management has identified cramming charges on any of Kennedy’s wired or cellular telephone bills. The lead engineer stated that the GSA contract for local wired service blocks charges for collect calls and calls to 1-900 numbers; however, Kennedy has not taken any specific action to prevent cramming. According to GSA representatives, adding a third-party block across Kennedy’s primary lines is one option to prevent cramming.

Agency Cellular Service

ODIN provides NASA with cellular telephone services at a fixed price through AT&T and Verizon. Although the cellular bills may vary month to month, they do not exceed NASA's fixed, per line cost. While we did not identify cramming charges on the cellular telephone bills we reviewed, according to AT&T representatives, cramming charges have appeared on a limited number of cellular lines for items such as ringtones and online games. ODIN officials indicated that there is no specific pattern to cramming charges from a particular company or at a specific NASA Center. Since ODIN provides NASA with cellular services at a fixed cost, cramming charges have not been passed on to NASA. In response to our inquiry, ODIN officials are working with AT&T to ensure that all current third-party billing is terminated and that blocks are put in place to prevent future third-party billing activities. ODIN officials stated that Verizon does not permit third-party billing on corporate, cellular accounts like those in place at NASA.

Conclusion

We identified minimal evidence of telephone cramming at NASA. However, we also found that the Agency can take additional actions to prevent the possibility of cramming in the future. Currently, NASA relies on the telecommunication specialist at each Center to verify telephone charges prior to payment. We suggest that NASA request that all vendors providing telecommunications services to NASA block third-party billing to minimize the possibility of cramming charges being added to NASA's telephone bills. In addition, NASA should disseminate information on telephone cramming to the appropriate employees at each NASA Center to ensure that Agency personnel are aware of this unscrupulous practice and ensure that NASA does not pay for these improper charges.

We hope this information is helpful to your examination of telephone cramming practices across Government. If you have any questions about this letter, please contact Jim Morrison, the Assistant Inspector General for Audits, at 202-358-0378.

Sincerely,



Paul K. Martin
Inspector General

cc: Charles F. Bolden, Jr.
Administrator

The Honorable Kay Bailey Hutchison
Ranking Member, Senate Committee on Commerce, Science, and Transportation