



February 15, 2008

**Via Electronic Mail**

The Honorable Eddie Roberson, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

07-00204

Dear Chairman Roberson:

07-00205

This letter is further to our telephone conversation on February 11, 2008, my telephone conversation with Carsie Mundy on February 10, 2008 and my meeting with Miki Murphy-Klein in person on February 8, 2008. During those conversations, I explained that GoAmerica Relay Services Corp. ("GoAmerica") and its call center subcontractor, Stellar Nordia Services, LLC ("Stellar Nordia"), have been forced to take the difficult step of decreasing staff at the Tennessee Relay Call Center (the "Call Center") who provide interstate IP Relay services.<sup>1</sup> Importantly, no changes are occurring to staffing for Tennessee intrastate relay services. Such intrastate services will continue to be provided in accordance with Section A.11 of the Contract Between the State of Tennessee, Tennessee Regulatory Authority and Verizon Services Corporation, as amended.

To summarize and expand on these conversations, in the weeks immediately preceding GoAmerica's January 10, 2008, closing of its purchase of Verizon's TRS business, GoAmerica and Stellar Nordia were permitted their first operational access to the Call Center for purposes of evaluating operations and traffic patterns. Upon interviewing communications assistants working in the Call Center, GoAmerica was led to believe that a substantial portion of interstate IP Relay calls served by the Call Center (and by another call center in Riverbank, California) was originated by persons attempting to use relay services for purposes for which it was not intended, which the interstate IP relay industry refers to as "fraudulent calls."<sup>2</sup> During that pre-closing period, GoAmerica undertook to understand the origin of these suspicious calls. Once we had full access to Verizon's systems after the transaction closed, we determined that these calls were primarily international in origin. We concluded that GoAmerica could make technical changes to the system that would allow it to block the majority of these calls. In light of this ability, we also concluded that to continue to allow these calls to be made, and to bill the federal Interstate Telecommunications Relay Services Fund for such calls, would be inconsistent with GoAmerica's legal obligations. Accordingly, on February 7, 2008, GoAmerica implemented technology that

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<sup>1</sup> As the Authority is aware, IP Relay has been deemed a jurisdictionally interstate service, and it is therefore regulated by the Federal Communications Commission ("FCC"). GoAmerica received its certification to provide IP Relay from the FCC in June 2006.

<sup>2</sup> In the context of IP Relay, "fraudulent calls" refers generally to calls made by non-deaf or non-hard-of-hearing users, often located outside of the United States. I am attaching an article from the Modesto Bee (a California newspaper) describing the calls from the point of view of the communications assistants at the Riverbank call center.

blocked the offending traffic. The result was an immediate reduction of approximately 30% of the interstate IP Relay traffic that GoAmerica had purchased.

In light of the severe reduction in call volume, GoAmerica is unable to maintain the current level of staffing at either the Call Center or the Riverbank facility. This week GoAmerica informed staff at the Call Center of the reduction in call volume, and that the Call Center staffing levels would be reduced as a result. We have sought to minimize the impact of the unfortunate reduction in force by providing sixty days' advance notice of the termination, a generous severance package, and job placement assistance to the affected employees. GoAmerica will also be taking attrition—historically, close to 100% annually—into account in determining the appropriate level of call center staffing. Again, GoAmerica will ensure that staffing for Tennessee intrastate relay services remains commensurate with call volume.

Obviously, GoAmerica (and its shareholders) would have greatly preferred not to have had to block any traffic, because doing so reduces, on a minute-by-minute basis, GoAmerica's revenues. However, GoAmerica is committed to upholding the integrity of the TRS program, even if doing so has a direct and adverse financial impact on the company.

It is a sad but well-documented truth that IP relay services are susceptible to abuse by entities outside the U.S. GoAmerica has dedicated itself to maximizing the benefits of relay services for the millions of legitimate deaf, hard-of-hearing, and speech-disabled consumers, and as such, we employ the most diligent traffic protections of which we are aware. In this instance those efforts to curb abuse of IP relay services have caused decrease in the demand for communications assistants.

We regret that a re-sizing of the Call Center is necessary, but under the circumstances, we hope you will agree that such an action is warranted. We believe that this will ultimately further GoAmerica's aim of providing high-quality intrastate TRS services to deaf, hard-of-hearing, and speech-disabled consumers in Tennessee, a goal to which we remain committed. If you have any questions regarding this important matter, please do not hesitate to contact me. Thank you.

Very truly yours,

A handwritten signature in black ink that reads "Mark L. Stern". The signature is written in a cursive, slightly slanted style.

Mark Stern

TRS Compliance Officer  
GoAmerica Relay Services Corp.

Cc: The Honorable Sara Kyle, Director  
The Honorable Ron Jones, Director  
Mr. Carsie Mundy  
Ms. Miki Murphy-Klein

## Attachment

[February 13, 2008 Article from the Modesto Bee]

### **Scammers used Riverbank center's phone lines, operators say**

*Halting fraud cut work; 550 jobs might be at risk*

By CHRISTINA SALERNO  
csalerno@modbee.com

**RIVERBANK** — Scammers from countries such as Nigeria and the United Kingdom have been using a taxpayer-funded telephone relay service for the deaf to target victims in the United States, current and former employees said.

About 700 people are employed at a call center in Riverbank that provides phone translations, called relay services, for the deaf, hard of hearing and speech-impaired. Users can access the free service using the Internet. The service is funded by a surcharge of about 10 to 15 cents a month on all phone bills and regulated by the Federal Communications Commission.

The new owner of the Riverbank operation, New Jersey-based GoAmerica Inc., found that a number of the center's calls were originating from outside the United States. Because the service is for domestic use only, the company said, it blocked the international calls.

That triggered a dramatic drop in calls and prompted GoAmerica to announce Monday that it would slash its Riverbank staff.

Several employees said Tuesday that those international calls mostly originated from Nigeria and were being used to defraud small-business owners and individuals.

Scammers used the Internet relay service as if they were deaf people, then ordered products from businesses using stolen credit cards or tried to arrange financial transactions from individuals.

There are no regulations that require a person using the service to prove that he or she has a disability. Also, according to federal regulations, operators are not allowed to interfere with conversations.

"We all just kind of feel we weren't working for Verizon or Stellar Nordia (GoAmerica's subcontractor), we were working for Nigeria fraud. Now that all those calls are blocked, we're getting real calls, which is good, but now we've lost our jobs," said an employee who has worked at the center for a year, but declined to give his name.

During an average day, he took about 80 or 90 calls. Only three or four of those calls were from legitimately deaf or hard-of-hearing people, he said, with the rest fraudulent or obscene calls.

## **'Instant' decline in calls**

GoAmerica blocked the international calls Thursday, and there was an "instant" difference, he said. Most employees were sent home because there weren't enough calls, and layoffs were announced Monday.

GoAmerica hasn't released a figure for the number of people who will be laid off. However, employees said they were told in meetings that only 150 operators out of 700 will remain on the job. The cuts will be based on seniority, and workers are being offered severance packages with six weeks of pay, employees said.

GoAmerica spokesman Thomas Rozycki said the company blocked all international calls, not just those originating from Nigeria or any other country.

"The nature (of the calls) is unimportant. ... The service is supposed to service domestic traffic," he said. "It is incumbent on the operator to make sure the right network was going on."

The company will keep all California-based relay calls in Riverbank, he said. In response to claims that the company will outsource all Internet-based relay calls to centers in the Philippines and Canada, Rozycki said: "There may be some percentage over time that move, but we have not made formal decisions."

Employees said the fraudulent calls had been a problem at the Riverbank center, and other relay call centers throughout the nation, for several years since the Internet-based relay service was introduced as a communication tool for the deaf.

Turlock resident Tyler Stevens worked at the Riverbank center from 2002 to 2004, when it was owned by MCI but operated by subcontractor GC Services. MCI had its staff take over in 2003. GoAmerica bought the division from Verizon last month.

"The more I think about it, the more I realize how convoluted the whole thing was," said Stevens, 24, a student at Modesto Junior College. "Not only was this supplemented by the government, but people's credit was getting ruined. The deaf community was getting shortchanged because their operators were doing these calls."

Scammers used the service to hide their accents or locations by using a relay operator, he said, and to fool unsuspecting business owners who thought they were dealing with a deaf person.

Several Web sites and forum boards are dedicated to the problem, and include stories of scammers using Internet relay services to order everything from gold chains and tobacco rolling papers to laptops and puppies. One Web site, [www.stoprelayabuse.com](http://www.stoprelayabuse.com), asks people to lobby the FCC so that only deaf people with an access code can use relay sites.

Stevens said operators weren't allowed to disconnect from the calls or interfere in conversations because of FCC guidelines. He said he was fired in 2004 after he decided to hang up on fraudulent calls.

Officials from the FCC did not return calls Tuesday seeking comment.

MCI merged with Verizon in 2005. Verizon spokesman Peter Lucht said Tuesday that the Riverbank center was "appropriately staffed and operated" while Verizon owned it. "GoAmerica owns the business, and it is up to GoAmerica to operate it as it feels best," Lucht said.

### **Good news, bad news**

Barbara Dowler has worked at the Riverbank call center for two years and said she is most concerned about finding a new job. Working as an operator paid a starting wage of \$10 an hour and included two weeks' paid vacation, sick time, health insurance and other benefits.

About half of the people working at the center are college students or other young people who took advantage of the flexible schedule allowed in a 24-hour call center, she said. The remainder largely are people who used the job to support their families, including Dowler, whose children were on her health insurance policy.

"At first, they said 'Good news, we got rid of fraud!' " Dowler said. But then GoAmerica notified employees a few days later that layoffs were imminent, which she said was a "horrible thing to go through."

"I'll probably be laid off, so I'm already looking for a new job," Dowler said.

**Bee staff writer Christina Salerno can be reached at [csalerno@modbee.com](mailto:csalerno@modbee.com) or 238-4574.**