

## Government Urged to Fight on Phone Scams

David C. Yeh  
Shay & Partners

2005.05.17

Telephone scams are emerging in an endless stream. Swindlers usually use voice over Internet Protocol (VoIP) or telephone prepaid cards to conceal real telephone numbers to keep from chasing. To supervise telecommunications operators complying with the anti-fraud scheme requested by the police administration, the Directorate General of Telecommunications (DGT) declared two policies on blocking unlawful communications and controlling the radio wave coverage of mobile phone base stations in the Kimmen respectively on April 25 and April 29, 2005. The DGT urged the telecommunications operators (telcos) to condense the strength to fight crimes and the public to fully cooperate with the authorities on combating soaring phone scams, so as to safeguard social security.

According to a rough estimate, phone scams cost consumers' financial loss of around NT\$5 billion each year. Taiwan's consumers' handsets are flooded with spam messages everyday and some of them are fraudulent calls attempting to cheat money from the consumers. In recent, parts of consumers were threatened or disturbed by unknown swindlers and which has become a serious social problems. Therefore, the DGT drew up five significant measures to reinforce the inspection of illegal traffic:

- Agreements of network interconnection between Type I and Type II telcos shall be concluded in written through private negotiation pursuant to the Regulations Governing Network Interconnection among Telecommunications Enterprises. The telcos, without signing the interconnection agreement, are not allowed to receive or transmit the traffic, which needs to be transferred.
- From April 21, 2005, the DGT has begun to thoroughly check the illegal traffic among four fixed-network telcos and numerous Type II telcos. Telcos are demanded to stop illegal calls or else they will be heavily penalized.
- Four fixed-network telcos are required to perform the daily inspection of illegal traffic and submit the result to the DGT before every Friday's noon.

- The DGT will irregularly perform the on-the-spot dialing to check whether the telcos are transferring unknown communications and urge the operators to carry out the provision of caller ID function.
- Those telcos who revise and distort telephone numbers without authorization while transferring the traffic shall be strictly punished under the Criminal Code and the Telecommunications Act.

In addition, to control criminal syndicates from performing remote swindling acts by using the radio wave of mobile phone base stations in the Kimmen covering Xiamen's coastal areas to send fraudulent messages, the DGT forced mobile telcos to implement the following measures:

- Strictly prohibit the telcos from establishing unlicensed base stations.
- Immediately stop using the base stations whose radio wave covers the cells around the coastal area of the Mainland China.
- Properly adjust the transmission electric power or directions of the base stations in Kimmen in order to prevent the spillover effect in the Mainland China; the communications by using the base stations are confined in the area of Kimmen only.

The caller ID display is the core aim of the policy. The DGT anticipates that the real phone numbers should be kept in the receiver's telecommunications equipment room for tracing the fraudulent sender. It incorporates VoIP service operators and telephone prepaid card service providers. Before that, Taiwan has implemented the world's most rigid control policy of prepaid phone card, which the prepaid phone cards will only be available at telco branches and one person will be entitled to only one prepaid phone card starting from March 7, 2005. Those security policies seem to achieve an outstanding result. According to the DGT's latest estimate, about 49.55% of suspicious traffic volume has been sharply reduced. In addition, a private VoIP association, IP Phone Open eXchange (IPOX), has initiated an overall scheme of VoIP communication supervision to solve the technical problems at the operator's end. Not only has the anti-fraud movement become a governmental act but also been supported by private sectors.

*For further information on this topic please contact [David C Yeh](mailto:David C Yeh) at Shay & Partners by telephone (+886 2 8773 3600) or by fax (+886 2 8773 3611) or by email ([davidyeh@elitelaw.com](mailto:davidyeh@elitelaw.com)).*