

Congress acts to stop scams using false caller IDs

15 December 2010

(AP) -- Congress moved Wednesday to stop scammers who use fake caller IDs to trick people into revealing Social Security and credit card numbers and other vital information.

House lawmakers trying to wrap up work for the year also passed a second consumer protection bill that would crack down on third-party sellers who prey on people during online purchasing transactions.

The Senate previously passed both bills and the House votes send them to President [Barack Obama](#) for his signature.

The [caller ID](#) bill, sponsored by Reps. Eliot Engel, D-N.Y., and Joe Barton, R-Tex., addresses the issue of "spoofing," where [scammers](#) use the caller ID of, for example, a bank or a government office to deceive people into giving them private information.

Engel cited one case last year where New York City police uncovered an identity theft ring that used caller ID spoofing to steal more than \$15 million from 6,000 victims. In another case, a SWAT team shut down a neighborhood in New Brunswick, N.J., after having received a distress call from a person using a fake caller ID.

Rep. Tim Murphy, R-Pa., said he was the victim of a phone spoofer that bombarded constituents with calls that made it appear came from his office.

The bill applies to those who use caller ID, the number appearing on the phone of the person receiving the call, to defraud, cause harm or wrongfully obtain anything of value.

Exemptions are made for law enforcement or intelligence activities needing to conceal or change IDs, or for organizations such as domestic violence centers which change numbers to protect an occupant of a shelter.

The bill authorizes civil penalties of up to \$10,000 for each violation, up to a total of \$1 million for any single act.

"This ought to give law enforcement another tool to go after these crooks," said Sen. Bill Nelson, D-Fla., Senate sponsor of the bill. He said consumers in the meantime should remember not to respond to those asking for such personal information over the phone.

The online purchasing protection act deals with a practice where third-party sellers interrupt the online transaction process and try to enroll consumers as customers or club members. Consumers may not realize that they are dealing with a different company and may sign up for membership for which they are then charged recurring monthly fees.

Sen. John D. Rockefeller, chairman of the Senate Commerce Committee and sponsor of the bill, said well-known, reputable websites are earning hundreds of millions of dollars by passing along their customers' billing information, including credit and debit card numbers, to these third-party sellers.

He said a one-year investigation carried out by his committee found that such unauthorized charges from third-part sellers have already cost consumers more than \$1 billion.

The bill would require post-transaction advertisers to disclose the terms of their offers and obtain billing information directly from consumers. It would prohibit Internet retailers from transferring billing information to third-party sellers and crack down on the use of "negative options" where consumers are charged monthly fees until they contact the third-party seller to cancel their memberships.

More information: The caller ID bill is S. 30.

The online shopper protection bill is S. 3386.

Online:

Congress: <http://thomas.loc.gov>

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