

FCC cracks down on 'slammers'

WASHINGTON (AP) — The number of victims of illegal "slamming" — the unauthorized changing of a customer's long-distance company — has exploded over the past five years, showing that federal regulations prohibiting it are all but meaningless, officials said Thursday.

Complaints to the Federal Communications Commission rose from 1,867 in 1993 to more than 20,000 last year. And since most people don't bother to report incidents of slamming, the problem probably is far worse, Sen. Susan Collins, R-Maine, said during a hearing of the Senate Permanent Subcommittee on Investigations.

Victims often end up paying higher, sometimes exorbitant, rates for poorer service provided by unethical telephone companies, said a report released Thursday by the General Accounting Office, Congress' investigative arm.

"Deliberate slamming is like stealing and should not be tolerated," said Collins, subcommittee chairwoman and sponsor of a bill that would make intentional, repeat-

ed slamming a criminal offense.

"It's time to quarantine this consumer epidemic," said Sen. Dick Durbin, D-Ill., another sponsor.

Meantime, FCC Chairman Bill Kennard, called upon the nation's local phone companies — the main providers of billing and collection for consumers — to help the commission combat another growing problem: cramming. That is the practice of billing customers for services they never ordered, such as call waiting, voice mail and Internet access.

In letters Thursday, Kennard asked the companies to "work with the commission in order to adopt an industry code of practice to prevent cramming." The code, he said, should include getting written approval from customers to bill them for nontelecommunications services and putting nontelecommunications charges on a separate page from the rest of the telephone bill.

The FCC is scheduled to adopt tougher anti-slamming rules in a few weeks, and the Senate is expected to debate legislation later this spring. For now, the most effective actions consumers can take is hav-

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DICK DURBIN
Illinois senator

ing their long-distance companies "freeze" their accounts, said Eljay Bowron, the GAO's assistant controller general for special investigations, told the subcommittee.

"The FCC has adopted some anti-slamming measures, but effectively does little to protect consumers," he said. "Most states have some anti-slamming measures, but their extent varies widely."

Bowron said slamming is less frequent among big telephone companies that have their own equipment and more common among the smaller "switchless resellers," which lease equipment and telephone lines from bigger companies.

Telephone customers sometimes are slammed inadvertently through clerical errors. But unscrupulous companies build up customers by misleading consumers, staging

deceptive sweepstakes and sometimes going so far as to falsify authorization documents or simply copy telephone numbers out of phone directories, Bowron said.

He said Daniel H. Fletcher, whose Fletcher Cos. were fined more than \$5 million by the FCC on Tuesday, had billed customers at least \$20 million and left industry firms with at least \$3.8 million in unpaid bills by 1996 after beginning large-scale slamming the year before. Federal investigators suspect that Fletcher may still be running similar scams, but they don't know where he is, Bowron said.

Kennard told the panel: "I believe that the reason people slam is because there is a financial incentive to do so, and we need to remove that financial incentive."

U.S., Korea 'open skies' with pact

WASHINGTON (AP) — The United States and Korea reached an "open skies" agreement Thursday that will let the two countries' airlines fly freely between them.

Under previous rules, five U.S. carriers, including two cargo companies, served Korea, and two Korean carriers served the United States. The new agreement allows an unlimited number of airline companies to fly unlimited flights in either direction.

U.S. carriers previously also could fly to Korea and offer connections to points beyond, but Korean carriers could not do the same in the United States. They now will be allowed to do so, and carriers heading in each direction will also be allowed to code share.

That practice, in which two airlines coordinate flights and share the same designations on tickets, allows passengers to make seamless connections between carriers.

The pact was effective immediately.

"Korea, which is our second-largest market in Asia, is now our largest 'open skies' partner in the region," said Transportation Secretary Rodney Slater.

The agreement comes after similar pacts with Malaysia, New Zealand, Taiwan, Singapore and Brunei, as well as a liberalized deal for flights to and from Japan.

"Consumers now enjoy convenient service to more Asian cities than ever before," Slater said. The administration also believes increased competition will lower airfares in Asia.

In Europe, the United States and France settled an "open skies" agreement this month and negotiations are under way with Britain on a similar pact.

German parliament votes to use euro

Backers say adoption of continentwide currency will unify Europe

BONN, Germany (AP) — Parliament on Thursday overwhelmingly endorsed plans to give up the German mark for the single European currency.

Chancellor Helmut Kohl called the vote one of Germany's "decisions of the century."

"I'm assured that the success story of the German mark will continue as a success story for the euro," Kohl said.

The 575-35 vote in parliament's lower house was largely a formality, since the major political parties already had endorsed plans for Germany to be among the 11 European Union nations adopting the euro on Jan. 1.

Many speakers steered a day-

long debate toward domestic politics, including Gerhard Schroeder of the opposition Social Democrats, nominated this month to challenge Kohl in September's national elections.

But Kohl largely confined his hourlong speech to European integration, saying monetary union was the biggest step in efforts by the 15 EU nations to become more unified.

Polls show most Germans oppose replacing their solid mark with an uncertain euro. But Kohl said that would change soon.

"The public's approval will be so strong we'll hardly be able to imagine the current resistance," he predicted. "This will be one of our most important decisions of the

century."

Schroeder and the Social Democrats also endorsed the euro but blasted Kohl's center-right government for not doing enough to prepare for it or convince the public of its benefits.

"Those who want to substitute the mark with a European currency need darn good reasons for it and should be able to convey them," Schroeder said.

If European governments do not coordinate efforts to fight double-digit unemployment, the monetary union could collapse, he warned.

The remark appeared aimed at Kohl, who resisted agreements for continentwide spending to create jobs last fall at an EU summit.

The reformed communists, the Party of Democratic Socialists, were the only bloc unified in opposing the euro. PDS lawmakers holding placards reading "Euro — not like this" delayed Kohl's speech as a parliament official confiscated the signs.

"You can't unite a continent with money. That's never happened, and never will," faction leader Gregor Gysi said.

Kohl and other backers say the euro will not only help unite Europe, but also rival the dollar and consolidate economic strength to better compete with trade blocs in North America and Asia.

Parliament's upper house will vote on the euro plans today.

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