



# NEWS & INFORMATION

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## IUB Penalizes UMCC for Slamming and Cramming Iowa Customers

The Iowa Utilities Board (IUB) has issued an order assessing \$700,000 in civil penalties against Ultimate Medium Communications Corporation (UMCC) for 70 violations in which the company made unauthorized telephone service changes to Iowa customers, known as slamming and cramming. The Board assessed the maximum allowable penalty under Iowa law, which is \$10,000 per violation. This ruling also prohibits all telecommunications service providers in Iowa from billing UMCC charges to Iowa customers and denies the company local exchange access services in Iowa.

"Slamming" occurs when a telephone company changes a customer's preferred long distance or local telephone provider without first obtaining authorization from the customer. "Cramming" happens when a company causes unauthorized charges to appear on a customer's telephone bill. Statute and IUB rules prohibit slamming and cramming.

In addition to slamming and cramming Iowa customers, UMCC did not register for Board certification and repeatedly failed to follow Board rules since purchasing Buzz Telecom in December 2006. In February 2007, the IUB similarly found Buzz had committed slamming and cramming against Iowa customers.

After learning that UMCC had acquired Buzz's customers, IUB staff notified UMCC of Iowa laws regarding carrier registration requirements and obligations when acquiring assets and customers from other carriers. UMCC was instructed to complete and return a carrier registration form to the Board within seven days, but failed to register as required by law. The company also failed to follow Board orders as well as Board rules regarding the transfer of customers. The Board relied on these facts as part of the justification for assessing the maximum penalty permitted.

It is possible that UMCC will not have the assets to pay all the penalties assessed. UMCC, however, is prohibited from providing local service to customers in Iowa.

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**Editor's Note:** For more information, please visit the Board Orders section of the IUB Web site, [www.state.ia.us/iub](http://www.state.ia.us/iub). This order was issued under Docket Nos. FCU-07-4 and FCU-07-5.