



Before the
PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED
03-22-10
04:59 PM

Order Instituting Rulemaking on the
Commission's Own Motion to Establish
Consumer Rights and Consumer
Protection Rules Applicable to All
Telecommunications Utilities

Rulemaking 00-02-004
(Filed February 3, 2000)

COMMENTS OF BSG CLEARING SOLUTIONS

BSG Clearing Solutions North America, LLC on behalf of its four operating subsidiaries, ACI Billing Services, Inc., Billing Concepts, Inc., Enhanced Services Billing, Inc., and HBS Billing Services Company (collectively, "BSG") respectfully submits the following comments in response to the Proposed California Telephone Corporation Billing Rules, Rulemaking 00-02-004, issued by the California Public Utilities Commission (the "Commission") adopted February 22, 2008.

BSG wholeheartedly supports the Commission's three objectives to ensure only authorized charges are placed on the consumer's telephone bill. In fact, the objectives of BSG's "Best Practices Program" (the "BSG Program") are virtually identical to the Commission's objectives. However, BSG does not believe the Commission is aware of all of the new measures BSG and several of the local exchange carriers ("LECs") have implemented as recently as the past few weeks to achieve these mutual objectives. Therefore, it is absolutely imperative that the Commission conduct a workshop to allow the industry to collectively discuss its new policies to ensure that any new measures the Commission may adopt are effective and not redundant.

I. Introduction

BSG is the largest third-party billing aggregator in the United States and has been providing its services for over two decades. As a billing aggregator, BSG enables service

providers to include their charges on the LECs' wireline telephone bills and fosters competition by allowing consumers to access a variety of services at competitive prices. Due to BSG's position in the industry, BSG is a valuable consumer resource with the ability to provide effective service provider oversight and expedite the consumer inquiry resolution process.

II. BSG's Best Practices Program ("BSG Program") Is Effective and Achieves the Commission's Objectives Including A Specific Termination Protocol.

BSG has the industry's first and only comprehensive due diligence and performance monitoring program solely focusing on eliminating cramming and identifying "bad actors." The basis for the entire BSG Program is an express authorization requirement with a very specific service provider termination protocol. The objective is to eliminate cramming before it occurs and proactively address issues when they arise. The benefits of the program are to create a proactive approach instead of a reactive response and to provide effective consumer protection.

The BSG Program has been in place since 2007 and BSG is continually improving and developing the Program to ensure its effectiveness. The BSG Program is comprised of two primary components: due diligence and monthly performance monitoring. BSG will not process any service provider's charges that do not fully comply with both components.

All prospective BSG customers must pass BSG's comprehensive due diligence process which includes, but is not limited to, background checks of all officers, directors, and individuals with decision-making authority, site visits, contacting the LEC's for past issues or termination history, conducting an internet search for regulatory issues, and purchasing the prospective customer's service in the same manner as a consumer would. The due diligence phase typically takes approximately three to six months to complete. The average cost per perspective customer for BSG costs anywhere from \$250 to \$1,000.

If a service provider passes the due diligence process and submits charges through BSG, then each month BSG analyzes the number of regulatory, LEC, and customer service inquiries each service provider receives. In addition to calculating inquiry data, BSG also determines the number of charges each service provider submitted in the prior month in order to determine the inquiry ratio for each customer. BSG has a pre-set threshold for each regulatory, LEC, and customer service ratio. If a service provider exceeds any one or more of the thresholds, the service provider is subjected to testing of its express authorization for the charges the service provider is submitting. If the service provider does not pass the testing process, then the service provider is terminated.

III. All Service Providers That Submit Charges Solicited Via The Internet To BSG Must Begin To Implement Validation and Authentication For Each Charge.

BSG has spent over three years and considerable resources to create an effective validation and authentication tool for service providers that solicit their services via the Internet (“URU System”). The URU System is a robust and comprehensive validation and authentication methodology for helping to ensure that “consumers are who they say they are.” The URU System utilizes approximately thirteen different vendors, such as LexisNexis, to scrutinize each and every transaction. There are two major components to the URU System – a public data element and a private data element. A transaction is first processed through the public data processes. If it passes the public data requirements, then the transaction proceeds to the private data element. Only if the transaction passes both data elements will the transaction be submitted to the LECs for billing.

In order for a transaction to pass the public data phase, the transaction must pass the examination of at least nine different vetting steps. These steps include ensuring that all

information is present in order to authenticate the transaction, confirming that the name and telephone number match, and making sure the telephone number is not subject to any bill blocks. If any one or more steps cannot be fulfilled, then the transaction is denied.

If the transaction passes the public data phase, then the private data associated with the transaction is authenticated. The URU System confirms through LexisNexis that the first name, last name, address and last four of the consumer's social security number all match. BSG will not process any transaction that is not confirmed by LexisNexis. If the transaction passes the private data element, then BSG creates the record that is then sent to the LEC's for billing. This helps ensure that the service provider is not able to circumvent the URU System.

Effective April 1, 2010, BSG is requiring all service providers that solicit consumers for their product or services via the internet to utilize the URU System. BSG strongly believes that the URU System is an effective mechanism in preventing unauthorized charges and the entire industry will benefit from further discussion of this tool through a workshop.

IV. Service Providers' Generous Refund Policy Is Not Indicative Of Nefarious Business Practices.

Like most providers of consumer services in the U.S., BSG's service providers maintain generous refund policies in order to help ensure consumer satisfaction. BSG believes the Commission may inadvertently initiate further consumer frustration and discontentment by deterring service providers from providing refunds. The Commission should note that the primary purpose for issuing refunds is to issue a refund if the consumer is not satisfied with the product or service – *not because the charge was unauthorized*. Consequently, the Commission's proposed rule that a ten percent (10%) refund rate must result in immediate suspension is not the best means to achieve the Commission's objectives. The proposed 10% rule will require service

providers to eliminate “100% satisfaction” guarantees and withhold refunds if the consumer is simply not happy with the service.

In addition, the industry must be afforded the opportunity to understand the basis and determination for the Commission’s 10% refund and complaint threshold for suspension.

V. Conclusion

BSG strongly supports the Commission’s objectives to eliminate unauthorized billing and BSG has demonstrated its willingness to proactively achieve those objectives through BSG’s Best Practices Program and the URU System. It is imperative that the Commission and the rest of the industry be provided an opportunity in a workshop setting to understand the aggressive measures that have been and are in the process of being implemented in order to ensure that the most effective rules are adopted by the Commission.

Respectfully submitted,

/s/ Sylvia Castillo
Sylvia Castillo, Director Regulatory Affairs
March 22, 2010

BSG Clearing Solutions
7411 John Smith Drive, Suite 1500
San Antonio, Texas 78229
Telephone: (210) 949-7000
Facsimile: (210) 949-7100

CERTIFICATE OF SERVICE

I, Sylvia Castillo, do hereby certify that a copy of BSG Clearing Solutions Comments was sent via regular mail or electronic delivery to the below addresses contained on the Service List for Rulemaking 00-02-004 as of March 19, 2010.

Dated this 23rd Day of March, 2010

BSG CLEARING SOLUTIONS

By: /s/ Sylvia Castillo
Sylvia Castillo
Director, Regulatory Affairs

BSG Clearing Solutions
7411 John Smith Drive, Suite 1500
San Antonio, Texas 78229
Telephone: (210) 949-7000
Facsimile: (210) 949-7100

SERVICE LIST

ADAM L.	SHERR	Adam.Sherr@Qwest.com
ANDREW O.	ISAR	aisar@millerisar.com
ANDREW W.	SONG	andrew.song@mto.com
ANITA	TAFF-RICE	anitataffrice@earthlink.net
ANNA	KAPETANAKOS	anna.kapetanakos@att.com
ART	NEILL	art@ucan.org
MARILYN H.	ASH	ashm@telepacific.com
AMY C.	YIP-KIKUGAWA	ayk@cpuc.ca.gov
BARBARA R.	ALEXANDER	barbalex@ctel.net
BETSY	GRANGER	betsy.granger@att.com
ROBERT	FINKELSTEIN	bfinkelstein@turn.org
BILL	NUSBAUM	bnusbaum@turn.org
BRUCE	KAUFMAN	bruce00cx@aol.com
BURTON A.	GROSS	Burton.Gross@mto.com
CARL	HILLIARD	carl@wirelessconsumers.org
STAN	STATHAM	cbapowers@aol.com
CRAIG E.	STEWART	cestewart@jonesday.com
CORALETTE	HANNON	channon@aarp.org
CHARLES	HARAK	charak@nclc.org
CHARLES E.	BORN	charlie.born@frontiercorp.com
CHRISTINA V.	TUSAN	christina.tusan@doj.ca.gov
CINDY	MANHEIM	cindy.manheim@cingular.com
CARL K.	OSHIRO	ckomail@pacbell.net
CHRISTINE	MAILLOUX	cmailloux@turn.org
CHRISTOPHER	POSCHL	cwp@cpuc.ca.gov
DAVID	DISCHER	david.discher@att.com
SARAH	DEYOUNG	deyoung@caltel.org
DALE	PIIRU	dgp@cpuc.ca.gov
DONALD C.	EACHUS	don.eachus@verizon.com
DOUGLAS F.	CARLSON	doug94119@sbcglobal.net
ELAINE M.	DUNCAN	elaine.duncan@verizon.com
EARL NICHOLAS	SELBY	ens@loens.com
EDWARD J.	PEREZ	eperez@atty.ci.la.ca.us
ESTHER	NORTHRUP	esther.northrup@cox.com
ELAINE	WALLACE	ewallace@jonesday.com
FRED	RAMER	framer@socal.rr.com
GAYLEE	ADELL	gal@cpuc.ca.gov
HARVEY	ROSENFELD	harvey@consumerwatchdog.org
HIEN	VO	hcv@cpuc.ca.gov
ISABELLE M.	SALGADO	isabelle.salgado@att.com
JACQUE	LOPEZ	jacque.lopez@verizon.com
NAN	JAEGER	jaeger4329@earthlink.net
JEANNE B.	ARMSTRONG	jarmstrong@gmssr.com
JOHN	BEAHN	jbeahn@skadden.com
JESUS G.	ROMAN	jesus.g.roman@verizon.com
JOHN G.	JACOBS	jgjacobs@jacobskolton.com

JOEL	TOLBERT	jjt@cpuc.ca.gov
JANE	WHANG	jjw@cpuc.ca.gov
JULIE	HALLIGAN	jmh@cpuc.ca.gov
JOHN A.	GUTIERREZ	john_gutierrez@cable.comcast.com
JONATHAN	LAKRITZ	jol@cpuc.ca.gov
JEFF	SILVA	jsilva@crain.com
JUDY	PAU	judypau@dwt.com
JAMES	MCTARNAGHAN	jwmctarnaghan@duanemorris.com
KEITH	NUSSBAUM	keith@preferredlongdistance.com
KELLI	CUBETA	kelli.cubeta@bsgclearing.com
KEVIN	SAVILLE	kevin.saville@frontiercorp.com
KEITH W.	MELVILLE	kmelville@sempra.com
KATHERINE K.	MUDGE	kmudge@covad.com
KAREN	MILLER	knr@cpuc.ca.gov
KAREN P.	PAULL	kpp@cpuc.ca.gov
KRISTIN L.	JACOBSON, ESQ.	Kristin.L.Jacobson@sprint.com
KATHERINE S.	RITCHEY	ksritchey@jonesday.com
KYLE	DEVINE	kyl@cpuc.ca.gov
W. LEE	BIDDLE, ESQ.	lbiddle@ferrisbritton.com
ROBERT	LEHMAN	leh@cpuc.ca.gov
LESLA	LEHTONEN	lesla@calcable.org
ALEXIS K.	WODTKE	lex@consumercal.org
LINDA J.	WOODS	ljw@cpuc.ca.gov
LYNNE	MARTINEZ	lmartin@pacwest.com
LINDSAY M.	BROWN	lmb@cpuc.ca.gov
LEON M.	BLOOMFIELD	lmb@wblaw.net
LORI	ORTENSTONE	lori.ortenstone@att.com
LACEY	STEVENSON	lstevenson@att.com
MARIBETH A.	BUSHEY	mab@cpuc.ca.gov
MARGARET L.	TOBIAS	marg@tobiaslo.com
MARGARITA	GUTIERREZ	margarita.gutierrez@sfgov.org
MARJORIE	HERLTH	Marjorie.Herlth@Qwest.com
MARK	BERRY	mark.berry@att.com
MARTIN	CHERRY	mcherry@icnlt.com
MICHAEL B.	DAY	mday@goodinmacbride.com
MARC D.	JOSEPH	mdjoseph@adamsbroadwell.com
MICHAEL J.	HARTIGAN	mhartigan@cwa9400.com
MICHAEL	BAGLEY	michael.bagley1@verizonwireless.com
MICHELLE K.	CHOO	michelle.choo@att.com
MICHAEL	MORENO	mmoreno@aarp.org
MIKE	MULKEY	mmulkey@arrival.com
MARK	CLAIRMONT	mnc@cpuc.ca.gov
MARCUS	NIXON	mrn@cpuc.ca.gov
MARK P.	SCHREIBER	mschreiber@cwclaw.com
MICHAEL	SHAMES	mshames@ucan.org
NANCY E.	LUBAMERSKY	nlubamersky@telepacific.com
NORINE	MARKS	Norine_Marks@dca.ca.gov
NORA Y.	GATCHALIAN	nyg@cpuc.ca.gov
PETER A.	CASCIATO	pacasciato@gmail.com
PETER A.	CASCIATO	pacasciato@gmail.com

PAMELA	PRESSLEY	pam@consumerwatchdog.org
PETER A.	CASCIATO	pcasciato@gmail.com
PETER A.	CASCIATO	pcasciato@sbcglobal.net
LAURIE	ITKIN	pshiple@cricketcommunications.com
MELISSA W.	KASNITZ	pucservice@dralegal.org
PETER	VICENCIO	pvicencio@metropcs.com
ROSALINA	WHITE	raw@cpuc.ca.gov
RAYMOND A.	CARDOZO	rcardo@reedsmith.com
RICHARD	MANISCALCO	rcm@cpuc.ca.gov
REGINA	COSTA	rcosta@turn.org
REX	KNOWLES	rex.knowles@xo.com
RISA	HERNANDEZ	rhh@cpuc.ca.gov
RICHARD H.	LEVIN	rl@comrl.com
ROBERT J.	WULLENJOHN	rw1@cpuc.ca.gov
MARK	SAVAGE	savama@consumer.org
STEVE	BLACKLEDGE	sblackledge@calpirg.org
SARITA	SARVATE	sbs@cpuc.ca.gov
SIMIN	LITKOUHI	sim@cpuc.ca.gov
SINDY J.	YUN	sjy@cpuc.ca.gov
SARAH	LEEPER	sleeper@manatt.com
JEFFREY F.	BECK	smalllecs@cwclaw.com
PATRICK M.	ROSVALL	smalllecs@cwclaw.com
Sheri Inouye	Boles	sni@cpuc.ca.gov
STEPHEN H.	KUKTA	stephen.h.kukta@sprint.com
STEPHEN B.	BOWEN	steve.bowen@bowenlawgroup.com
GLENN	STOVER	StoverLaw@gmail.com
SUZANNE	TOLLER	suzannetoller@dwt.com
SYLVIA	CASTILLO	sylvia.castillo@bsgclearing.com
TERRIE D.	PROSPER	tdp@cpuc.ca.gov
TERRANCE A.	SPANN	Terrance.Spann@hqda.army.mil
THOMAS	SELHORST	thomas.selhorst@att.com
THOMAS J.	MACBRIDE, JR.	tmacbride@goodinmacbride.com
WINAFRED	BRANTL	WBrantl@KelleyDrye.com
WAYNE B.	COOPER	wcooper@fcblaw.com
HENRY	WEISSMANN	weissmannhx@mto.com
CHRIS	WITTEMAN	wit@cpuc.ca.gov
XIAO SELENA	HUANG	xsh@cpuc.ca.gov
YVONNE	SMYTHE	ysmythe@caltel.com

REGULAR MAIL

HARRY N. MALONE
 BINGHAM MCCUTCHEN LLP
 2020 K STREET, NW
 WASHINGTON, DC 20006
 FOR: PAETEC COMMUNICATIONS CHARLES HARAK

ROBERT A. SMITHMIDFORD
VICE PRESIDENT
BANK OF AMERICA
6705 REEDY CREEK ROAD
RICHMOND, VA 23228-2332
FOR: BANK OF AMERICA

GREGORY T. DIAMOND
COVAD COMMUNICATIONS COMPANY
7901 LOWRY BLVD.
DENVER, CO 80230

JOHN DI BENE
VICE PRESIDENT & GENERAL COUNSEL
SBC LONG DISTANCE
5130 HACIENDA DR FL 1
DUBLIN, CA 94569-7598

WILLIAM P. ADAMS
ADAMS ELECTRICAL SAFETY CONSULTING
716 BRETT AVENUE
ROHNERT PARK, CA 94928-4012

JOSH P. THIERIOT
REGULATORY TEAM
PAC-WEST TELECOMM
4210 CORONADO AVE STE A
STOCKTON, CA 95204-2341

NANCY GRIFFIN
REGULATORY COMPLIANCE
PAC-WEST TELECOMM. INC.
4210 CORONADO AVE, STE A
STOCKTON, CA 95204-2341
FOR: PAC-WEST TELECOMM INC.

PETER LEWIS
SEATTLE TIMES
PO BOX 70
SEATTLE, WA 98111

HOLLY HENDERSON
MGR, REGULATORY MATTERS
GTE MOBILNET OF CENTRAL CA
ONE VERIZON PLACE, BLDG
ALPHARETTA, GA 30004
FOR: GTE WIRELESS, INC.

MARY E. WAND
ATTORNEY AT LAW
MORRISON & FOERSTER LLP
425 MARKET STREET
SAN FRANCISCO, CA 94105
FOR: GTE WIRELESS, INC.

WALTER MCGEE
WORKING ASSETS FUNDING SERVICE
101 MARKET STREET NO 700
SAN FRANCISCO, CA 94105

DARREN WEINGARD
REED SMIT LLP
TWO EMBARDEO CENTER, SUITE 2000
SAN FRANCISCO, CA 94111

LAILA CORREA
LATINO ISSUES FORUM
160 PINE STREET, SUITE 700
SAN FRANCISCO, CA 94111
FOR: LATINO ISSUES FORUM

JOANN RICE
SOUTHWESTERN BELL COMMUNICATIONS SERVICE
5130 HACIENDA DR FL 1
DUBLIN, CA 94568-7598
FOR: SOUTHWESTERN BELL COMMUNICATIONS
SERVICES, INC.

IGNACIO HERNANDEZ
CONSUMER FEDERATION OF CALIFORNIA
428 J STREET, SUITE 400
SACRAMENTO, CA 95814
FOR: CONSUMER FEDERATION OF CALIFORNIA