



NEW YORK STATE SENATOR

Jose Peralta

Senator Jose Peralta and Independent Democratic Conference Unveil Report Examining Prepaid Calling Cards

JOSE PERALTA June 6, 2017

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East Elmhurst, NY — Many New Yorkers, a vast majority of them immigrants, rely on international prepaid calling cards to call their loved ones. It appears to be an affordable, cheap alternative to landlines and monthly phone plans. Unfortunately, according to an investigation conducted by **State Senator Jose Peralta (D-Queens)** and the **Independent Democratic Conference**, most of the popular brands offer poor quality calls, drop calls frequently, carry hidden fees or overcharge their customers.

The report, *Calling Home? Senator Peralta Takes a Hard Look at Prepaid Calling Cards*, found that about 61% of consumers surveyed experienced bad reception while using calling cards, 80% of people surveyed had dropped calls while using a prepaid calling card, and 72% used a prepaid calling card that had fewer minutes available than advertised. Additionally, buyers have little options to file complaints, which makes it difficult for enforcement agencies to tackle the practices of bad actors.

“My constituents are being ripped off when using prepaid calling cards to get in touch with their loved ones back home, with very poor quality communication and calls cutting out. We must ensure that we end these bad practices, which mainly affect our hard working immigrant families. We tested some of the most popular prepaid calling card brands, and

they are providing consumers with deficient service,” **said Senator Peralta, Vice Chairperson of the Senate Energy and Telecommunications Committee.** “We have an obligation to protect consumers from unfair businesses practices. The current political climate, sadly, disregards the protection of the consumer rights of immigrants, and we need to step in and make sure they get the services they pay for.”

“Calling cards are often portrayed as an affordable way for immigrants to stay in touch with friends and family from home. Unfortunately, as we have seen in this report, they are often used to take advantage of those using them, with poor service and undisclosed fees. I look forward to working with Senator Peralta on legislation that will vastly improve this industry and make it fairer for consumers,” **said Senator Jeff Klein.**

“The survey results show that consumers are often not receiving the services they purchase when using prepaid calling cards. Requiring companies that provide these cards to maintain quality standards will help ensure that consumers receive value for their money,” **said Senator David J. Valesky.**

“The complete lack of accountability for pre-paid calling card companies is troubling, especially since the clients of such companies are often immigrants calling their families and economically insecure people unable to afford a monthly plan. This timely report shows that when consumers are defrauded by these companies, they have little effective recourse. Senator Peralta's bill, would be an excellent first step to level the playing field between telecommunications giants and immigrant families,” **said Senator Marisol Alcantara.**

“My district is as culturally diverse as they come. Calling cards are an everyday occurrence for many, and often times a necessary tool to reach family members spanning the globe. We need to ensure that when our neighbors are spending money in the community, they are not being scammed,” **said Senator Diane Savino.**

The Federal Communications Commission (FCC) and the Federal Trade Commission (FTC) provide information regarding bad practices by prepaid calling card companies. These federal agencies, however, have not updated their guidelines in years, and they do not act swiftly against the companies that provide deceptive service. In 2012, the FTC unveiled charges against a prepaid card company that included a scheme to target immigrant communities. The report points out that although the “FTC recognizes the severity of the issues, nevertheless, little changed in the regulation has occurred on the federal level.”

Senator Peralta introduced an omnibus bill, S.6142, to tackle prepaid calling card issues on a state level, which will require companies to guarantee quality service, expand disclosure requirements and require companies list contact information for government agencies where consumers could seek recourse.

Many calling cards appear to be different, the analysis found, but actually belong to the same parent company. Under Senator Peralta’s legislation, a parent company’s name would have to be listed on a card.

While the majority of consumers are able to get through to customer service, 87.5% reported never receiving a refund for lost minutes and 100% of consumers never reported problems to government agencies where they could seek recourse, like the FTC, the FCC or the New York State Attorney General’s Office. Contact information for those government entities would have to be listed, under Senator Peralta’s proposal.

The investigation included a 20-question survey to constituents, in Spanish and English. Some of the questions were concerned with brand names, calling quality and service fees.

Some of the key finding in the report include:

Approximately 80% of those surveyed paid a fee that they were not informed about.

More than 61% of people surveyed were charged longer for than the actual call lasted.

Approximately 80% of those surveyed had a call drop while using a prepaid calling card.

100% of people surveyed did not report any issues to any government agency.

More than 87% of those overcharged did not receive a refund from the prepaid calling card company.

More than 66% of those surveyed said that they learned about different prepaid calling card brands from family members and friends.

Three in every four of phone cards do not disclose calling rates.