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June 17, 2011

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**RE: CCTS Complaint #89020**

On May 25, 2011, we issued a Recommendation regarding the above complaint. As [REDACTED] rejected our Recommendation, I am required to issue a Decision under Section 11 of our Procedural Code ("the Code").

**Our Recommendation**

After investigating [REDACTED] complaint, we determined that:

- it was likely that the breach in the system had occurred through [REDACTED] telephone equipment;
- Rogers had not installed or maintained [REDACTED] equipment;
- Rogers had no obligation to monitor [REDACTED] long distance usage and to notify it of any irregularities but had implemented a block of [REDACTED] long distance service (which was removed at [REDACTED] request); and
- under Rogers' Terms of Service, customers are responsible for securing their telephone equipment and are liable for all charges on their account.

Accordingly, we did not recommend that Rogers waive any of the charges billed for the fraudulent long distance calls.

## ████████ Objections

Under Section 11 of the Code, the party rejecting the Recommendation is required to explain why he or she considers it to be unacceptable or inappropriate.

████████ provided its objections in an email to CCTS dated May 31, 2011. In it, ██████ stated that:

1. It was Telus that had shut down its phone lines in all of the cases of fraudulent hacking activity that it had experienced.

We are not able to comment on what may have occurred during previous cases of hacking activity. However we do note that Rogers has indicated that it was the one that suspended ██████ service in this case. Nonetheless, the accuracy of an incidental fact such as this one would not affect the end result of the investigation.

2. Although ██████ is prepared to take responsibility for charges incurred by consecutive calls on its lines, it refuses to do so for charges related to concurrent calls on its lines, as it alleges that this ability to make concurrent calls on a single line was not divulged to it in its agreement with Rogers.

It is difficult to determine exactly how the hackers operated in this case as ██████ PBX equipment was not examined by Rogers. However, Rogers provided an explanation to clarify how multiple calls could be placed at the same time over one single line. A PBX is a system that significantly reduces the number of lines needed to be leased from a local phone company. It only requires one main line and it routes all calls to internal phones and to outgoing lines. When the PBX system is hacked, this opens up all lines that are registered to the PBX system.

For instance, if a company had one main business line with a PBX used to route calls to 4 other individual phones and if each phone had an extension with 3 lines (to allow one phone to make or receive three calls simultaneously), a hacker that gains access to the main business line could use 12 lines simultaneously (4x3). The billing of the charges to follow would look as if concurrent calls were being made from that one line.

That being said, and regardless of how the hackers operated, ██████ interpretation of its agreement with Rogers is not supported by Rogers' Terms of Service, which indicates that its customers are liable for all charges to their account, irrespective of the fact that the charges can be generated by a single call or by multiple concurrent calls.

3. [REDACTED] then discussed the details of previous instances of hacking, the total charges related to the fraudulent calls that it incurred on these previous occasions and the amount in credits that it received from Rogers on one of these occasions.

Our Recommendation mentioned the fact that two previous fraudulent occurrences occurred and that a partial credit was received. We note that this information is not new nor does it raise a substantial doubt as to the correctness of our Recommendation.

4. [REDACTED] then alleged that this latest occurrence of fraudulent calls marked the first time that it became aware that simultaneous phone calls over a single phone line was even possible.

While it may well be that [REDACTED] recognized this possibility for the first time upon reviewing the invoice related to the most recent occurrence of long distance toll-fraud, a review of its September 14, 2009 invoice, which listed the fraudulent charges related to a prior hacking occurrence (the second one experienced by [REDACTED]), shows several examples of simultaneous calls being made over one single line.

5. [REDACTED] also stated that after each occurrence of fraudulent activity, it hired external telecom consultants to review its phone security.

We are unable to explain why the measures taken by [REDACTED] telecom consultants were insufficient to prevent subsequent recurrences of similar fraudulent activity. Nonetheless, under its contract with Rogers, security of its PBX continues to remain the responsibility of [REDACTED].

6. Finally, [REDACTED] states that almost all of the fraudulent calls were to North Korea.

We noted this in our Recommendation. The inference appears to be that this activity should perhaps have come to Rogers' attention more quickly given the limited likelihood that [REDACTED] would be making multiple calls to North Korea. While this may be so, in the absence of any obligation on Rogers to conduct this monitoring for the customer, this information does not cast doubt on the correctness of our Recommendation.

**Decision**

Section 11.5 of our Procedural Code provides that in formulating a Decision the Commissioner shall consider whether there is substantial doubt as to the correctness of the original Recommendation. As [REDACTED] did not provide new information or raised a substantive doubt as to the correctness of the original Recommendation, we are of the view that there is no basis upon which to modify it and hereby confirm it.

Further to Section 11.7 and 11.8 of our Procedural Code, [REDACTED] may accept or reject this Decision within 20 days of receipt. Should it decide to reject this Decision, [REDACTED] may pursue this complaint through any other forum and Rogers shall be fully released from the Decision. A copy of our Procedural Code is attached for reference.

Sincerely,

Howard Maker  
Commissioner

Attachments: 1. Recommendation  
2. Procedural Code