Spam calls: annoying, and getting worse

(KAKE) - We've all been there. You're sitting down to dinner, or maybe the latest installment of "The Crown," when your phone rings. You aren't expecting a call, and you don't recognize the number. You say to yourself, "If it's really important, they'll leave a message."

Then they *do* leave a message. You check your voice mail and you hear that the person on the other end is extremely worried about your car's extended warranty. Except you don't have a car, perhaps. Or your car never *had* an extended warranty. Either way, you've lost precious minutes of your life listening to a robocall....

...and your dinner is now *cold*.

Spam calls have gotten out of control, with billions of robocalls hitting American cell phones each month.

According to a survey done by Insider magazine in February of 2021, 46% of Americans reported receiving spam calls on their cell phones every say, with another 24% getting them multiple times per week. It doesn't appear as if spam calls target one group over the other, either, with the calls pretty evenly spread out among those who are young, or old, Democrat or Republican, black or white.

How we got here is the result of an erosion of protections on three fronts.

First are the technological advances. These have magnified fundamental flaws in the American phone system enabling unrelenting robocalls from untraceable origins.

The second is financial: because these calls can be untraceable, it's profitable to spam people in order to drive business, whether the caller is a scammer trying to bilk money out of unsuspecting "marks" or an actual business using telemarketing to increase sales.

Lastly is the legal situation, with a series of enormous court decisions — with one more on the way — so far allowing telemarketers to get away with blowing up your phone with no repercussions and under-funded enforcement just trying to keep the lid on.

Further, special interests who prefer an unregulated robocall environment are enormously powerful compared to the pro-consumer groups; an Insider analysis found that the federal lobbyists employed by pro-robocall businesses outnumbered the anti-robocall consumer groups' lobbyists by a factor of 100 to 1.

This doesn't mean there aren't ways to tackle the problem, just that our approach to spam calls needs to change. This isn't a problem that will be legislated away or turned off with a simple flip of a switch. Rather, consumers must treat the American telecom system like an infected computer network, taking matters into their own hands with software protections for their phones.

Why do I keep getting spam calls?

Experts point to fundamental problems with caller ID as a reason that spam calls are on the rise. Additionally, a phone system where anyone can operate as a carrier, the inability to detect potential bad callers and a number of bad actors exploiting those flaws are driving the number of spam calls to record numbers on American phones. Plus, spam calls make their perpetrators a killing if they target the right people.

The standard operating procedure is more sledgehammer than scalpel. There are different kinds of robocall scams: some are clearly illegal, such as calls from people pretending to be the IRS or law enforcement, while others sell some kind of product like the ubiquitous auto warranty or an insurance policy but illegally telemarket the products. All basically use some iteration of the same business model.

First you have a company that wants to find buyers. They could be selling actual products like insurance policies or alarm systems, or they could be a scam operation looking for marks they can coerce into buying gift cards. The product doesn't really matter, what matters is they're willing to pay someone $6 or $7 per lead to send them people who may be interested in buying.

The company they contract to find those leads is the robocaller, typically companies from overseas. They call millions of phone numbers with prerecorded messages. Most people hang up, but there are some who will listen, and when you listen, your call is plugged through a phone tree until you're considered a "qualified lead" by the caller. Then, your number is sold to the original company.

The robocaller has the ability to place their calls through a gateway carrier, which is a telecommunications company willing to place those calls to American phones. The gateway carrier doesn't always know that they're laundering scam calls into the US telecom system, but they're often targets of FTC enforcement. Once the call is on US soil, it passes through the patchwork of carriers to your phone.

"They work," said Aaron Foss, founder of Nomorobo, a company that blocks spam calls. "The response rates are abysmal, a tenth of a percent response rate. But the risk of getting caught is so, so low, and the rewards are so high."

The economics of phone spam can be incredible. For perspective, 125,000 minutes of robocalls from Message Communications Inc — which sustained a $25,000 penalty in 2015 for what the FTC described as "willful, repeated" violations — has sold for a mere $875. Assuming a consumer listens to the call for an average of three seconds, that $875 would translate into 2.5 million calls, with one cent getting a buyer 28 spam calls.

Even if just one out of every 10,000 calls turns into a qualified lead, at a going rate of $7 per lead, an hour of robocalls will pull in $1,750 in revenue, nearly doubling their investment and making the possible penalties seem like pennies.

It's an engine that turns phone calls into money with a byproduct of distributed annoyance.

Every person who buys from a telemarketer can bring about hundreds of thousands of calls, according to an FTC spokesperson. While many calls may eventually sell an actual product, plenty are simply scams targeting the elderly or disabled. Some of these spam calls are intentionally elaborate elder abuse operations attempting to steal money from some of the country's most vulnerable populations.

The top scams of any given time are a reflection of anxieties; auto warranty scams are big today, and were last highly popular during the heights of the Great Recession, when economic anxiety roiled the country. As Americans take on debt to ride out the pandemic, calls preying on those anxieties remain popular.

The calls often come from overseas, where the FTC lacks jurisdiction. While it's a good idea to put your number on the national Do Not Call list, that list doesn't work for robocalls on your cell phone; it just prevents *live* telemarketers from calling you. Even if it did work, the robocallers are already flaunting the law, and there's little reason they'd respect the registry. They're able to thrive on the US phone system because of a fundamental flaw in the structure of the grid.

"Caller ID was never verified," Foss said. In the 1980s when caller ID was first implemented, there was only one phone company — AT&T — and as they were able to verify customers, caller ID was implemented the same way that a return address on an envelope was, where a person could put anything.

When AT&T was broken up, the resulting deregulation meant that literally *anyone* could become a carrier. As a result, the FCC laws that protected the privacy of you as a phone user now *also* protect bad actors as well. As a result, caller ID is meaningless yet still relied on, which makes it easy for scammers to exploit.

So, why don't the carriers just stop them?

"Carriers don't shut it down unless it's absolutely positively proven to be illegal," said Alex Quilici, the CEO of YouMail, another spam blocker app.

Carriers main function is to move calls around, not actively regulate them. The reasoning is clear: if a debt collector robocalls someone, the recipient might not want the call, but it’s absolutely legal. Therefore, carriers want to stay out of it.

There’s also a liability component, Quilici added. A pharmacy may contact a patient about their COVID-19 vaccine appointment with an automated call, and if a carrier blocked that there would be hell to pay. Carriers avoid interfering in grey areas, and will only block a gateway carrier or caller when given ample grounding to do so, often by federal action against a bad actor.

Tomorrow, why have spam calls gotten worse, and why can’t the government effectively stop them?