

**REMARKS OF  
MICHAEL F. ALTSCHUL  
SENIOR VICE PRESIDENT AND GENERAL COUNSEL  
CELLULAR TELECOMMUNICATIONS  
& INTERNET ASSOCIATION**

**BEFORE THE  
FEDERAL TRADE COMMISSION**

**“SPAM FORUM”**

**May 1, 2003**

**Wireless Spam:**

I wish to thank the Federal Trade Commission for inviting CTIA to participate in this Forum and address the issue of Wireless Spam.

Three years ago, CTIA recognized that wireless text messaging and Internet access was poised to become a major source of growth for wireless carriers. Text messaging, in particular, was taking off around the world, and in the U.S., wireless carriers were introducing these services as they upgraded their networks. Moreover, new “next Generation” wireless technology promised to make Internet browsing a faster and more user-friendly experience for wireless customers.

CTIA was so impressed with the promise of these new services that we changed the name of our Association to reflect the importance of the Internet, and wireless data to the wireless industry.

While the average wireless customer continues to shift more and more voice minutes from wireline to wireless networks, it is the growth in wireless data that has been the most explosive. Today, all of the national wireless carriers support Internet access and two way text messaging services, and are actively promoting wireless data capabilities to consumers.

Each of the national wireless carriers support Internet access at data rates of 40,000 to 60,000 bits per second. It is fair to say that wireless carriers are still experimenting as to how they charge, and how customers want to pay for this service.

Consumers increasingly are using their wireless phones and devices to access information on the Internet, as a consequence of faster networks, improved consumer interfaces -- including data presentment/organization, the introduction of color screens that are larger and have better resolution and innovative input solutions coupled with greater processing and memory on the devices themselves. Improved air interface cards

permit laptops to access the Internet over wireless networks with a “feel” that is similar to wired Internet connections.

But the first data service many wireless users experience is SMS text messaging. To give an idea of how explosive this growth has been, in December, 2000, we counted 14.4 million SMS messages in the U.S. One year later, SMS traffic had jumped from 14.4 million messages to over 252 million messages. And by December, 2002, SMS traffic in the United States grew over four-fold from the 252 million messages a month the year before, to more than a billion messages a month. And we still have a long way to go to equal the 27 billion SMS messages now being sent every month in the European Community, but with full SMS interoperability across wireless carriers having now been implemented, we believe peer-to-peer SMS traffic in the United States is poised to take off.

To give you an idea of where this growth will come from, we estimate that about 20 percent of U.S. wireless customers are sending SMS text messages. And included in this group are young adults -- 18 to 24. 45 percent of these young adults use the text-messaging feature on their phones, according to a study by the wireless marketing and consulting firm, Telephia, Inc.

To date, the wireless industry and its customers have not had many problems with unsolicited wireless messages. This isn't just good luck, but rather because wireless carriers are constantly taking steps to prevent the explosion of spam that has invaded the wired Internet.

Let's be clear -- wireless carriers recognize they have a strong incentive to protect their customers from unwanted messages. To capture the huge potential of wireless data services, carriers must convince customers to upgrade to handsets and devices that support these services and features, and then to use these services. If spam ruins the user experience, the opportunity of wireless data will be lost.

The wireless industry in the U.S., having been a bit slower to roll out data services than mobile phone carriers in Europe and Asia, was able to benefit from their experience with unsolicited messages.

For example, short text messages, or SMS, are supported on an intercarrier basis only for peer-to-peer messages -- defined as 160 character mobile-originated traffic. Because carriers typically charge a per-message fee for mobile originated messages, the economics of using a mobile network to send spam messages is entirely different from the Internet model. Moreover, while it is possible to send an SMS message to a wireless user from the Internet, wireless carriers require messages to go through a carrier owned and controlled gateway to reach wireless customers -- the gateway is designed to be user-friendly for sending individual SMS messages addressed to a wireless customer (using the customer's phone number as the address), but the gateways do not support multiple messages, and have been designed to detect and filter multiple identical messages.

So while it is possible to send spam to wireless users one or two messages at a time, the process is so cumbersome that it has not become a problem. In this regard, the architecture of wireless (CMRS) networks allows wireless carriers a level of control that is not available in the Internet.

All of the national wireless carriers use intelligent software that filters spam.<sup>1</sup> In addition to filtering spam on the front end, wireless carriers use the customers' phone number to address SMS text messages. While wireless carriers used to obtain phone numbers in blocks of 10,000 sequential numbers, these numbers are now assigned in 1,000 blocks, and with number portability, wireless numbers will be interchangeable with wireline numbers. Wireless carriers do not market their subscriber lists to third parties, and wireless numbers are not posted throughout the Internet. These factors combine to make it difficult for spammers to obtain the "addresses" for unsolicited SMS messages.

As an industry, wireless carriers know they need to protect their customers from spam. They have the ability to monitor what people might be trying to do, and we are doing everything we can to anticipate and minimize these problems before they become a problem that detracts from the public's willingness to use wireless services.

---

<sup>1</sup> As an aside to the telecommunications lawyers in the audience, wireless carriers can filter these text messages because they are deemed to be "information services" under the Communications Act of 1934. Common carriers do not have the right to filter the content of "telecommunications services."