

**Concurring Statement of Commissioner Christine S. Wilson**  
***FTC v. Alcazar Networks, Inc. and Gavin Grabias***  
File No. 192-3259

December 3, 2020

Today’s settlement resolves the FTC’s allegations that Voice over Internet Protocol (“VoIP”) service provider Alcazar Network, and its owner Gavin Grabias, violated the Telemarketing Sales Rule (“TSR”) when the company assisted and facilitated illegal robocalls. Combatting the scourge of illegal robocalls remains a top priority for the Commission. VoIP service providers play a significant role in the telemarketing and robocall ecosystem, helping “bad actors to place millions or even billions of calls, often from abroad, at very low cost, and in ways that are difficult to trace.”<sup>1</sup> This case sends a strong signal to the market that VoIP providers cannot knowingly provide substantial assistance to illegal robocallers harassing Americans with unwanted calls. For these reasons, I support the complaint and stipulated order.

I write separately, however, to reiterate that VoIP service providers are not strictly liable for violative traffic transmitted through their systems. Instead, a provider will be held liable when it “provide[s] substantial assistance or support to any seller or telemarketer when [it] knows or consciously avoids knowing that the seller or telemarketer is engaged in any act or practice that violates [the TSR].”<sup>2</sup> In this matter, the complaint alleges that Alcazar received subpoenas from law enforcement authorities regarding its telemarketer clients’ unlawful activities; made inquiries to telemarketer clients regarding calls placed at times of day forbidden by the TSR; responded to an FTC CID indicating that numerous clients placed calls displaying “911” as the caller ID – including a specific customer identified in the CID that was located in India;<sup>3</sup> and received complaints about robocalls placed by its telemarketer clients. The complaint charges that, despite this direct knowledge of law enforcement involvement and unlawful telemarketing activities, Alcazar and Mr. Grabias took no meaningful actions to curtail infractions by Alcazar’s clients. Alleging an assisting and facilitating violation based on this fact pattern is consistent with the approach taken in the prior FTC case involving VoIP providers.<sup>4</sup>

Because of the allegations about Alcazar’s role helping telemarketers and fraudsters place millions of illegal phone calls, I view as appropriate the comprehensive order provisions designed to ensure that Alcazar corrects its lax policies and procedures. The negotiated order, which includes call screening and “know your client” requirements, provides appropriate fencing-in relief for a VoIP service provider that allegedly failed to address significant red flags

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<sup>1</sup> Fed. Trade Comm’n, Prepared Statement of the Federal Trade Commission: “Oversight of the Federal Trade Commission,” Before the Committee on Commerce, Science, and Transportation, United States Senate 25 (Aug. 5, 2020), [https://www.ftc.gov/system/files/documents/public\\_statements/1578963/p180101testimonyftcoversight20200805.pdf](https://www.ftc.gov/system/files/documents/public_statements/1578963/p180101testimonyftcoversight20200805.pdf).

<sup>2</sup> Telemarketing Sales Rule, 16 C.F.R. §310.3(b).

<sup>3</sup> Under laws and industry standards, “911” is a number used only for calling during an emergency. Commercial entities have no valid reason to display “911” as the caller ID number displayed during their calls.

<sup>4</sup> See First Amended Complaint, *FTC et al. v. Educare Centre Services et al.*, Case No. 3:19-cv-00196-KC (W.D. Tex. Dec. 3, 2019), [https://www.ftc.gov/system/files/documents/cases/educare\\_-\\_first\\_amended\\_complaint.pdf](https://www.ftc.gov/system/files/documents/cases/educare_-_first_amended_complaint.pdf).

and known instances of violative conduct by clients using its services. Staff's thorough investigative work and thoughtfully crafted order contribute to the agency's ongoing efforts to address abusive telemarketing and robocalling practices.

For these reasons, I support both the complaint against Alcazar and Mr. Grabias, and the settlement of its allegations in the stipulated order.