

Investigation Report

Summary	
Entity	Vonage Business Inc
Type of entity	Carriage service provider
Relevant code	Industry Code C661:2022 Reducing Scam Calls and Scam SMS
Findings	Breaches of clauses 5.2.2 and 6.1.1(b)
Date	14 August 2023

Findings

The Australian Communications and Media Authority (the **ACMA**) finds that Vonage Business Inc (**Vonage**) has contravened clauses 5.2.2 and 6.1.1(b) of the Industry Code C661:2022 Reducing Scam Calls and Scam SMS (the **Code**).

Reasons

- The ACMA's findings are informed by ACMA analysis of traceback emails made by carriers and carriage service providers (**C/CSPs**) under the Code, as well as information and documents obtained from Vonage:
 - on 18 April 2023 under statutory notice given under section 521 of the *Telecommunications Act 1997* (the **Act**) dated 22 February 2023
 - on 4, 12 and 25 May 2023 in response to requests for additional information
 - on 7 July 2023 in response to the ACMA's Preliminary Findings.

Relevant Background

- The Code places obligations on all C/CSPs to implement measures to protect consumers from harms caused by scams and to disrupt scam activity in Australia.
- Among other obligations, the code places obligations on C/CSPs not to originate short message (**SM**) traffic using Alphanumeric Sender IDs (**Alpha IDs**) without taking steps to confirm that the A-Party (the initiator of the call or SMS) has a valid use case for the Alpha ID.

Compliance with clause 5.2.2 – Improving Alphanumeric Sender ID Accuracy

- Clause 5.2.2 of the code states:

If a SM uses an Alphanumeric Sender ID, Originating C/CSPs must only originate SMS on their Telecommunications Network using an Alphanumeric Sender ID where:

 - it does not present as a Number; and*
 - the Originating C/CSP has been provided evidence by the A-Party confirming that the A-Party has a valid use case for the Alphanumeric Sender ID.*
- Clause 2.2 of the code states Alphanumeric Sender ID means a personalised identifier (for example, the name of a business or organisation) instead of a Number.
- To determine Vonage's compliance with clause 5.2.2 of the Code, the ACMA has addressed the questions set out in Table 1 below.

Table 1: Conditions for originating SMS using Alpha ID

Is Vonage a CSP?	<p>Yes.</p> <p>Vonage is a CSP as defined at section 87 of the Act as it supplies carriage services to the public.</p> <p>Accordingly, Vonage must comply with clause 5.2.2 of the Code.</p>
Has Vonage originated SMS on its telecommunications network using Alpha IDs where it does not present as a number?	<p>Yes. Information obtained from Vonage indicates that it allows A-Parties to send SMS using Alpha IDs where they do not present as a number.</p>
Was Vonage provided evidence by A-Parties confirming that the A-Parties had a valid use case for the Alpha IDs?	<p>No, not in all cases.</p> <p>In conducting the investigation, the ACMA tested SMS sent using the first 25 Alpha IDs used on 10, 17, 24 and 31 January 2023.</p> <p>For 17 Alpha IDs used to send 7,893 SMS, Vonage did not obtain evidence from the relevant A-Party confirming that they had a valid use case for the Alpha ID, before originating the SMS on its Telecommunications Network.</p> <p>There is nothing before the ACMA to indicate that these specific SMS sent involved scam activity.</p> <p>The identified 7,893 SMS represent 6% of SMS sent as part of the sample tested by the ACMA.</p> <p>In addition to the above, information obtained by the ACMA from traceback emails, and confirmed by Vonage, demonstrates that on at least 3,887 occasions (on dates other than those noted above) Vonage originated scam SMS using an Alpha ID where it had not obtained evidence of a valid use case from the A-Party, including:</p> <ul style="list-style-type: none"> • 2,230 scam SMS using the Alpha ID Commbank on 24 October 2022 • 949 scam SMS using the Alpha ID info on 22 March 2023 • 1 scam SMS using the Alpha ID POSTAU on 16 April 2023 • 707 scam SMS using the Alpha ID ApplePay on 7 May 2023.

7. Accordingly, the ACMA finds that, on 24 October 2022, 10, 17, 24 and 31 January 2023, 22 March 2023, 16 April 2023, 7 May 2023, Vonage did not comply with clause 5.2.2 of the Code on at least 11,780 occasions. In reaching this finding, the ACMA notes it tested compliance for a specific number of Alpha IDs used on four specific days and in relation to specific instances of known scam SM traffic.

Compliance with clause 6.1.1(b) – Reporting

8. Clause 6.1.1(b) of the Code states:
- C/CSPs must, within 20 Business Days of the end of each calendar quarter, report to the ACMA:*
- (b) For Scam SMS, in the format and detail specified in Appendix E.*
9. To determine Vonage’s compliance with clause 6.1.1(b) of the Code, the ACMA has addressed the questions set out in Table 2 below.

Table 2: Reporting obligations

Is Vonage a CSP?	<p>Yes. See Table 1 above.</p> <p>Accordingly, Vonage must comply with clause 6.1.1(b) of the Code.</p>
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Did Vonage, within 20 Business Days of the end of each applicable quarter, report to the ACMA the number of scam SMS it blocked?	The ACMA has not received a report from Vonage on the number of scam SMS blocked for three calendar quarters: <ul style="list-style-type: none">• July to September 2022• October to December 2022• January to March 2023.
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10. Accordingly, the ACMA finds that Vonage has not complied with clause 6.1.1(b) of the Code on 3 occasions.