



**Why Shipping Call Center Jobs Overseas Hurts Us Back Home**

**2017 Update**

## Introduction

U.S. companies have been exporting call center jobs by the thousands in a global race to the bottom. Call center jobs have been moved to the Philippines, India, Mexico, Dominican Republic, Costa Rica, Honduras and other developing nations. Call centers in the U.S. and abroad are a part of the enormous business process outsourcing (BPO) industry in which companies hive off their internal customer support and “back office” functions and subcontract the work to a third party which is located either domestically or abroad.

U.S. companies transfer business functions to developing countries because they can take advantage of well-educated and skilled foreign workers, while paying them a fraction of U.S. worker wages. They also can take advantage of weak labor laws which put the safety, health, and living standards of workers in those developing countries at risk. The low wages, precarious job security, and sub-standard working conditions create perverse incentives to a worker’s ability to provide good customer service. Meanwhile, lax regulatory oversight in developing countries is a draw for companies seeking more flexibility in providing their services, but also means that consumer privacy and data security is put at increased risk.

As U.S. companies off-shore and outsource call center jobs, communities lose. In many communities, the loss of a call center means the loss of a pillar of the local economy. In many cases, because of the intense pressure from cheaper, less regulated foreign operators, when companies export U.S. jobs, they also exert downward pressure on wages and working conditions at home.

An updated version of this Communications Workers of America (CWA) report adds recent developments to the existing body of information making **the linkage between the off-shoring of U.S. call center jobs and a range of negative impacts. The off-shoring of call center jobs is a trend that is bad for American workers and communities and harmful to the security of U.S. consumers’ sensitive information. Additionally, in many cases, overseas call center workers work for low pay, long hours, and in sub-standard conditions. This off-shoring trend only seems to benefit companies, who can slash costs and benefits by moving operations off-shore.**

Since CWA first issued this report several years ago, numerous major investigations have unearthed a range of fraudulent and criminal activity emanating from overseas call centers, including multiple scams operating out of Indian call centers and targeting U.S. households. Most notably, **in October 2016, details emerged of a massive fraud scheme targeting Americans and operating out of Indian call centers that has resulted in hundreds of millions of dollars in victim losses from more than 15,000 victims in the United States.**

While scams with roots at overseas call centers are not a new development, the scope and incidents described in this updated report remind us that existing mechanisms for reining in such fraud remain inadequate. As an example, the Philippines is now the global leader in overseas call centers and serves largely an American corporate clientele. However, the rules and regulations designed to bring the nation’s data privacy laws up to the highest global standards are just now going into effect, more than five years after the Philippines became the hub of call center off-shoring. While not all of the security breaches and scams highlighted in this updated report emanate from call centers currently servicing American companies, the linkage between the off-shoring trend and the rise in security concerns is impossible to overlook. As the deputy superintendent of police in the Indian city of Noida told the *Washington Post*, “There are leakages from unscrupulous bank staff who are selling the customer data illegally. That is a hole we have to plug.” Additionally, as a 2015 Consumer Reports investigation of a call center scam operation in Jamaica found, many of the current scammers were trained in more reputable call centers that were part of earlier waves of off-shoring.

As a reminder, call centers are a major economic force in the United States – about 4 million people are employed by the industry, or 3 percent of the U.S. workforce. But the technology that is the infrastructure of the call center industry has made it possible for center operators to move tens of thousands of jobs overseas, where the workforce required for these jobs is available at much lower costs. At the same time, off-shore call center jobs servicing the U.S. have skyrocketed.

In this report, CWA provides an updated examination of the call center off-shoring trend, examining a range of negative impacts consumers and communities have felt back home in the United States as a result of the off-shoring of American call center jobs. The details in the following pages **make the case for lawmakers to support the bipartisan “United States Call Center Worker and Consumer Protection Act.”** This bill would:

- Require that U.S. callers be told the location of the call center to which they are speaking;
- Offer callers the opportunity to be connected to a U.S. based center if preferred; and
- Make U.S. companies that off-shore their call center jobs from the U.S. ineligible for certain federal grants and taxpayer-funded loans.

Among the **key updates** to this report, include:

**Fall 2016: Xerox and Sykes Enterprises announce expanded call center operations in the Philippines while simultaneously shutting American call centers:**

- **In September 2016, Xerox announces 800 new hires in Philippines for division that includes call centers, announces start of American call center layoffs the same month:** In October 2016, Xerox announced that it was looking to hire 800 additional workers by the end of 2016 for its eight facilities in Metro Manila and Cebu in the Philippines as part of an expansion of the company’s business process services offerings, which includes call center work. Xerox employs approximately 8,000 Filipinos in its customer care and finance and accounting operations (no specific further breakdown) [Manila Times, [9/2/16](#)]. Meanwhile, Xerox has been announcing rounds of layoffs and closures at American call centers in Colorado, Louisiana, Maine, North Carolina, and Washington totaling more than 950 layoffs of American workers. [Portland Press Herald, [9/1/16](#)], [Geek Wire, [3/15/16](#)], [Raleigh News & Observer, [1/26/16](#)], [WAFB-CBS in Baton Rouge, LA, [3/9/16](#)], [Charlotte Biz]ournals, [2/1/17](#)], and [The Tribune in Greeley, CO, [2/8/17](#)].
- **In October 2016, Sykes Enterprises announces new Filipino call center and shuts Oregon call center:** Florida-based Sykes Enterprises announced the opening of another Filipino call center in Muntinlupa City in the Philippines, generating over 2,200 Filipino jobs. Overall, Sykes employs more than 15,000 Filipino call center workers [Philippine Daily Inquirer, [10/1/16](#)]. Also in October 2016, Sykes announced that its Eugene, OR call center would close at the end of October 2016, just three years after its opening, leaving 400 employees out of work. Sykes said that the location was closing due to “business decisions” and, allegedly, employees were “told to keep quiet” regarding the closing. [KVAL-CBS in Eugene, OR, [9/9/16](#)]

**In October 2016, the U.S. Department of Justice unveiled details of a massive call center fraud ring emanating from Indian call centers – hundreds of millions of dollars taken from more than 15,000 Americans:**

- The U.S. Department of Justice indictment estimated that the “enormous and complex fraud scheme ... resulted in hundreds of millions of dollars in victim losses from ... over 15,000 known victims” in America and totaled 1.8 million calls. [U.S. Department of Justice indictment in U.S. District Court in Houston, TX, [10/19/16](#)]

- Targeting immigrants and elderly Americans, the scammers “told their American victims they were conducting a ‘tax revision’ or that they had defaulted on payments to the IRS and would then obtain their personal financial information and withdraw money from their bank accounts” and information is gained through “leakages from unscrupulous bank staff who are selling the customer data illegally.” [Washington Post, [10/6/16](#)]

### **2015 “IRS Scam” emanating from Indian call centers defrauded hundreds of Americans:**

- “Sahil Patel was sentenced to 175 months in prison and \$1 million in forfeiture for his role in organizing the U.S. side of a massive fraud and extortion ring run through various ‘call centers’ located in India ... From December 2011 through the day of his arrest on December 18, 2013, Patel participated as a leader in a sophisticated scheme to intimidate and defraud hundreds of innocent victims of hundreds of dollars apiece ... Patel and his co-conspirators also used several layers of wire transactions in order to conceal the destination and nature of the extorted payments, which totaled at least \$1.2 million dollars.” [U.S. Department of Justice press release, [7/8/15](#)]

### **Reminders about scope of the call center scam problem in India:**

- Indian call center scams are such a problem that the Indian state of Uttar Pradesh “is now setting up two police stations that will handle cases of call center and online fraud exclusively.” [Washington Post, [10/6/16](#)]
- In 2013, Indian police estimated that 10,000 fake call centers were operating in Delhi alone. [News18, Delhi, India, [1/22/13](#)]

### **Filipino call center industry now the largest in the world and growing– and not immune from scams or fully adhering to highest world privacy standards:**

- **Scope of call center industry in the Philippines:** There are more than 1,000 call center operations in the Philippines: [Los Angeles Times, [2/1/15](#)]. The call center industry in Philippines projects it will “add 100,000 jobs annually with earning revenues of \$38.9 billion by 2022, although global outsourcing consultants believe that could even reach \$48 billion within four years ... Three-quarters of the \$23 billion sector services U.S. firms.” [Reuters, [12/8/16](#)]
- **American and global firms’ relationships to Filipino call centers:** A snapshot of firms with Filipino call centers gives a sense of how pervasive the practice is across a wide range of industries: Citibank, JPMorgan, Verizon, Convergys, Genpact, Sutherland Global Services [Reuters, [12/8/16](#)], Safeway, Chevron, Aetna [Los Angeles Times, [2/1/15](#)], and Visa [Philippine Daily Inquirer, [9/26/16](#)]. Additionally, the “Contact Center Association of the Philippines (CCAP) announced that about a hundred foreign companies were in talks with Philippine call centers as they look to outsource some of their operations ... Among them are financial giants Morgan Stanley, Goldman Sachs and Mitsubishi UFG Financial Group.” [Philippine Daily Inquirer, [9/26/16](#)]. The drive is cheaper labor costs – call-center workers in the U.S. make approximately four times their Filipino counterparts. [Los Angeles Times, [2/1/15](#)].
- **Many of these firms are likely downplaying the extent of their reliance on overseas call centers – take the case of Verizon:** Verizon is off-shoring customer service calls to numerous call centers in the Philippines, where workers are paid just \$1.78 an hour and forced to work overtime without compensation. In May 2016, a Communications Workers of America (CWA) delegation was assisted by Filipino call center workers frustrated with their wages and working conditions uncovered call centers in the Philippines staffed with workers during U.S. daytime hours taking every imaginable type of customer service call related to the company’s wireline services. The scope far exceeds what Verizon had publicly claimed. Terrified that the public might find out about what has happened to the good middle-class jobs

the company has shipped overseas, Verizon sent private armed security forces after peaceful CWA representatives as well as local Filipino workers and called in a SWAT team armed with automatic weapons. [CWA press release, [5/13/16](#)]

- **Filipino call center industry not yet fully up to speed on global data security standards:** While the Filipino call center industry has been the largest in the world for more than five years, its data privacy standards have been inadequate and are not fully up to the highest global standards. The first data protection law in the Philippines, passed in 2012, mandated the creation of a National Privacy Commission to “implement, enforce, and monitor compliance ... It was not until March 2016 that the NPC was officially formed” and related “implementing rules and regulations” did not go into effect until September 2016. Even then, the new rules and regulations “permit a one-year period within which personal information controllers and processors are expected to register with the NPC data processing systems that process sensitive personal information of 1,000 data subjects or more” – meaning, the deadline for call centers to register is not until September 2017. In the interim and in recent years, the Filipino call center industry has been operating with substandard privacy and data policies. [Chronicle of Data Protection analysis, Hogan Lovells, [9/9/16](#)]
- **Filipino call center employee collected details of Australian Citibank customers and sold them to Sydney criminals, leading to more than \$1 million fraud:** “An overseas call centre employee allegedly collected banking details of Australian Citibank customers and sold them to a Sydney crime syndicate, which then used the details to defraud the customers of more than \$1 million, police say. Police allege the worker, employed by a firm in the Philippines that carries out customer relations for a number of Australian-based companies, collected banking information, passwords and personal details for the syndicate.” [Sydney Morning Herald, [7/2/15](#)]

#### **Call center scams targeting Americans are an international problem:**

- **In April 2015, the FCC Levied a \$25 million fine vs. AT&T for consumer identity theft emanating from company call centers in Mexico, Colombia, and the Philippines – affecting 280,000 Americans.** In Mexico, “three call center employees accessed more than 68,000 accounts without customer authorization, which they then provided to third parties who used that information to submit 290,803 handset unlock requests through AT&T’s online customer unlock request portal.” [FCC press release, [4/8/15](#)]. Additionally, AT&T had additional data breaches at other call centers in Colombia and the Philippines, with “AT&T identifying 40 employees who had illegally accessed customer information for some 211,000 customer accounts” [Consumerist, [4/8/15](#)].
- **2015 exposé: ongoing “Jamaican lottery scam” has roots in call centers off-shored to Jamaica in 1990s.** As *Consumer Reports* highlighted in a series of 2015 articles, a particularly effective version of a “lottery and sweepstakes” scam operating out of Jamaica and targeting elderly Americans can be traced to the off-shoring of American and Canadian call centers in the 1990s [Consumer Reports, [10/13/15](#)]. CNN called the ongoing scam “part of a cottage industry that targets nearly 300,000 Americans a year, most of them elderly, and has enticed them to send an estimated \$300 million annually to the Caribbean island nation” [CNN, [10/7/15](#)].
- **2015 exposé: scams targeting Americans at Costa Rican call centers netted more than \$20 million:** “Call centers are one of the fastest growing sectors of the Costa Rican economy, but this boom industry has a dark side. Costa Rica was home to a massive telemarketing scam that defrauded thousands of U.S. citizens — most over the age of 55 — of upwards of \$20 million ... In 2010, a man in Hawaii unidentified in court documents wired \$210,000 to the fraud in Costa Rica after he was convinced to liquidate his retirement savings account to pay insurance fees on a non-existent \$3 million prize scam run by Glen Adkins. Adkins, a U.S. citizen who operated a call center in San Pedro, was convicted in August 2013. He was sentenced to 300 months in prison and ordered to pay more than \$2.4 million in restitution in

November 2014. Another call center owned by a 34-year-old dual U.S.-Costa Rican citizen named Geoffrey Alexander Ramer defrauded \$1.88 million from hundreds of U.S. citizens between 2009 and December 2013.” [Tico Times of Costa Rica, [6/1/15](#)]

- **Several thousand Americans victimized in 2014 Peruvian call center scam:** “Trial evidence showed that Spanish-speaking people were targeted with calls from Peru. The callers falsely accused the victims of refusing delivery of certain products and claiming they faced possible fines and lawsuits. The callers also said the victims could pay a so-called settlement fee to take care of the matter. Authorities say several thousand people were victimized.” [NBC Miami, [10/30/14](#)]

These updates join **key findings from earlier versions of the report:**

- **American communities have also paid a high price as a result of the call center off-shoring trend.** During the 1990s and 2000s as manufacturing jobs went overseas, many saw call center jobs as a key aspect of our future economy. Desperate to create jobs, many local governments committed millions in taxpayer dollars to fund incentives – such as cash grants, the construction of facilities, property tax abatements, infrastructure construction and loans for employee training – for companies opening facilities in their area. With competition stiff to lure a new call center, many communities did not sign agreements requiring the companies to guarantee a minimum level of jobs or commit to staying for a minimum number of years. As a result, we have identified **numerous examples of companies taking these taxpayer handouts and off-shoring the call centers jobs just a few years later, leaving local taxpayers to pay the bill.**
- Of course, as with all types of job loss, there are **personal stories of workers who lost their jobs to call center off-shoring. In some of the most appalling examples, American call center workers were actually tasked with training their soon-to-be foreign replacements.** Parents have been forced to take menial jobs and sacrifice everything. Though we’ve had difficulty finding media sources that followed the plight of specific workers who lost their call center jobs to overseas call centers, we have identified a number of individuals harmed by off-shoring and chronicled at least their initial reactions or circumstances.
- **In 2012, T-Mobile announced major call center closings across the U.S.** T-Mobile announced that 1,900 U.S. workers will lose their call center jobs by closing call centers in Thornton, CO; Fort Lauderdale, FL; Lenexa, KS; Allentown, PA; Redmond, OR; Brownsville, TX and Frisco, TX. Over 3,300 workers will be affected, though a limited number of those workers will have the right to move to different states to work in other call centers. Many workers will likely not want to uproot and as a result, hundreds of additional workers on top of the stated 1,900 will likely need to look for a new jobs thanks to the closures. [CNNMoney, 3/23/12]
- **Previously, T-Mobile USA has off-shored call center work** to such nations as Honduras and the Philippines – yet instead of closing these international centers, it is content to shutter U.S. employment centers.
- **T-Mobile USA took over \$61 million in state and local recruitment subsidies to originally locate these call center jobs in some of the same American communities it is now leaving** [Good Jobs First Report, 2011]
- **Wells Fargo announced the closing of many of its call centers in the U.S. – while expanding call center operations in the Philippines.** In 2012, Wells Fargo announced plans to expand its call center operation in the Philippines. “Wells Fargo Philippines Solutions communications manager Theresa Lariosa reported that they plan to further expand their newly-opened BPO facility in McKinley Hill Cyberpark in Taguig City, to accommodate triple the number of employees it currently has. ‘At present,

we employ 180 team members in our current facility, but this can house as many as 450 to 500 seats. We have two floors in McKinley Hill for this, and we expect them to be fully occupied by yearend,' Lariosa said. The Philippine BPO unit of the US' second-largest bank is also constructing a purpose-built building within the same Megaworld site, with completion of the first phase expected by early 2013." [Asian Journal, 3/14/12]

- **Wells Fargo laid off hundreds of American call center workers when it closed multiple domestic call centers.** The company laid off hundreds of American workers by shuttering call centers in such locations as California, Florida, and Pennsylvania. [Orange County Register, LoanSafe, Lehigh Valley Live].
- **American workers required to train Filipino replacements.** To add insult to job loss injury, the Ed Schultz radio show reported that Wells Fargo employees scheduled to lose their Des Moines, IA-based call center jobs are actually being tasked with training their Filipino replacements. [Ed Schultz Radio Show, 3/2012]
- **Wells Fargo received \$25 billion in TARP money.** Wells Fargo received a \$25 billion lifeline from government coffers via TARP, but now seems unwilling to offer a similar lifeline to help strengthen American jobs and our national economic recovery. [ProPublica].
- In 2012, the **U.S. Federal Trade Commission (FTC) announced that they had broken up a new scam operating out of an Indian call center and targeting U.S. households.** Per the FTC announcement, "the defendants' scheme involved more than 2.7 million calls to at least 600,000 different phone numbers nationwide ... **In less than two years, they fraudulently collected more than \$5.2 million from consumers, many of whom were strapped for cash and thought the money they were paying would be applied to loans they owed, according to FTC documents filed with the court.**" A *Huffington Post* article on the FTC investigation reported that the scammers used "official-sounding aliases to deliver terrifying threats and pressure consumers to pay." The story also highlighted several personal stories of those targeted: "The police car was only 30 minutes away, the caller told Brenda Foster, 46. If she wanted to prevent her own arrest, she better cough up \$300, ASAP, he said. Foster, a waitress who lives with her husband in Portage, Ind., panicked and grabbed her husband's debit card to send the funds on the spot. And with that, scammer Kirit Patel added more money to the \$5.2 million in his coffers."
- In May 2012 came the revelations that **the Big 4 Wall Street banks each had moved their call center operations to the Philippines despite a lack of rudimentary security precautions, privacy standards, and legal accountability in the nation.** *Mother Jones* published an article on the topic, highlighting how, "The bank's outsourcing comes amid rising concerns about the security of customers' financial data in the hands of foreign contractors." The article quoted CWA Legislative Director Shane Larson, who noted that "U.S. banks already are operating call centers in the Philippines...despite the fact that they haven't actually passed this rudimentary legislation," referring to privacy standards legislation in the Philippines.
- **Disturbing revelations that foreign entities and affected corporations are downplaying the incidence and risk.** According to a major *Sunday Times* (UK) investigation, "The Indian government — anxious to preserve the reputation of an industry worth an estimated £3.7 billion a year — described it as a 'freak incident.' Additionally, a police source told *The Sunday Times*, "British companies are reluctant to report such breaches for fear of the potential adverse publicity."
- **One of the reasons Americans' personal data is at risk in foreign call centers is the relative difficulty in providing background checks on employees.** Many foreign nations do not maintain central criminal databases and do not have standard identifiers such as the U.S. Social Security number. As a result, proper background checks are expensive, with one estimate putting the cost at up to \$1,000

per employee. Considering that one security official estimated up to one-quarter of all applicants to foreign call centers provide false or incorrect information, the costs soar even higher because of the number of applicants that must be disqualified. It is also a challenge dealing with foreign legal systems that are not as sophisticated and do not have similar data breach notification standards.

- **Sending customer data overseas removes its 4<sup>th</sup> amendment protections, leading to warrantless data collection by federal agencies.** An underappreciated aspect of the off-shoring trend is that when U.S. customers' financial information is sent overseas, it loses the protection of the 4<sup>th</sup> amendment. This means that as long as an individual's data isn't specifically "targeted," the data can be collected and analyzed by U.S. federal agencies without a warrant.

*To create this report, CWA relied on a detailed examination of media coverage and research reports and assessments from a variety of research organizations. CWA represents approximately 150,000 customer service workers employed in customer contact or call centers. They work at centers in the telephone, internet and wireless industry, airline passenger services, the public sector and the news media industry. These workers provide customer interface and technological support; they respond to billing inquiries and provide sales support; they work with clients seeking information and access to social services; they help travelers plan itineraries and book their travel. The customer service workers are the direct link between customers and the company. On behalf of these union members and all call center workers, CWA has endorsed legislation that will provide incentives for call center operators to keep jobs in the U.S.*

## A Series Of Incidents At Overseas Call Centers Have Exposed Security Breaches Putting American Consumers At Risk

### KEY FINDINGS

- ▶ 2016: massive scam operating out of Indian call centers netted “hundreds of millions” of dollars from more than 15,000 Americans
- ▶ 2015: FCC levied \$25 million fine vs. AT&T for ID Theft Emanating from Company Call Centers in Mexico, Colombia, and the Philippines – affecting 280,000 Americans.
- ▶ Reminders about scope of the call center scam problem in India.
- ▶ 2015: Filipino call center employee collected details of Australian Citibank customers and sold them to Sydney criminals, leading to more than \$1 million in losses.
- ▶ Call center scams a global problem – examples from Costa Rica, Jamaica, and Peru.
- ▶ These new findings join disturbing past examples, described in following pages, to show that data security problems persist in overseas call centers.

### **2016: Massive Scam Operating Out of Indian Call Centers Netted “Hundreds of Millions” of Dollars from More than 15,000 Americans**

**Indian Call Center Scam Targeting Americans Made More than \$150,000 Per Day and Operated for More than One Year:** The fraud ring operating out of an Indian call center was making “more than \$150,000 a day through scams that took place for a little over a year, police said.” [Washington Post, [10/6/16](#)]

**The U.S. Department of Justice Indictment Estimated “Hundreds of Millions of Dollars in Victim Losses from More Than 15,000 Known Victims” in America.** The DOJ indictment also said the scope of the scam was such that 1.8 million calls were associated with the scam. [U.S. Department of Justice indictment in U.S. District Court in Houston, TX, [10/19/16](#)]

**Scammers Targeted Immigrants and Elderly and Often Posed as IRS Representatives:** “The callers told their American victims they were conducting a ‘tax revision’ or that they had defaulted on payments to the IRS and would then obtain their personal financial information and withdraw money from their bank accounts.” [Washington Post, [10/6/16](#)].

**Scammers Threatened Arrest, Jail, Other Penalties Unless Payment Followed.** “Callers bullied their victims with the threat of arrest, jail, seized homes and confiscated passports. ‘There was one instance where an old lady was crying,’ because she didn't have the money to pay, said a former call center worker who spoke only on condition of anonymity. ‘But we kept insisting on the money. We were taught to be tough,’” [Reuters, [11/29/16](#)]

**Call Center Scams Tied Back to Bank Employees: Police:** Raj Kumar Mishra, deputy superintendent of police in Noida, India said, “There are leakages from unscrupulous bank staff who are selling the customer data illegally. That is a hole we have to plug.” [Washington Post, [10/6/16](#)]

## **April 2015: FCC Levied \$25 Million Fine vs. AT&T for ID Theft Emanating from Company Call Centers in Mexico, Colombia, and the Philippines – Affecting 280,000 Americans.**

**More Than 68,000 Customer Accounts Accessed In Mexico Breach At AT&T Call Center As Part ID Theft Fraud:** “This is the FCC's largest privacy and data security enforcement action to date ... In May 2014, the Enforcement Bureau launched its investigation into a 168-day data breach that took place at an AT&T call center in Mexico between November 2013 and April 2014. During this period, three call center employees were paid by third parties to obtain customer information — specifically, names and at least the last four digits of customers’ Social Security numbers — that could then be used to submit online requests for cellular handset unlock codes. The three call center employees accessed more than 68,000 accounts without customer authorization, which they then provided to third parties who used that information to submit 290,803 handset unlock requests through AT&T’s online customer unlock request portal.” [FCC press release, [4/8/15](#)]

**211,000 Additional Customer Accounts Accessed In Colombia And Philippines AT&T Call Center ID Theft:** The Enforcement Bureau learned during the course of its investigation that AT&T had additional data breaches at other call centers in Colombia and the Philippines. AT&T informed the Bureau that approximately 40 employees at the Colombian and Philippine facilities had also accessed customer names, telephone numbers, and at least the last four digits of customer Social Security numbers to obtain unlock codes for AT&T mobile phones. Approximately 211,000 customer accounts were accessed in connection with the data breaches in the Colombian and Philippine facilities.” [FCC press release, [4/8/15](#)]

**Call Center Employees Sold Stolen ID Information To Third Parties, Who Submitted Nearly 300,000 Handset Unlock Requests:** “The employees didn’t just give this info to some marketing company or spammer, but sold it to third parties who then used the data to submit 290,803 handset unlock requests through AT&T’s online customer unlock request portal. During the FCC’s investigation into the Mexico breach, agents learned of similar issues at the call centers in Colombia and the Philippines. The theft was even more widespread at these two locations, with AT&T identifying 40 employees who had illegally accessed customer information for some 211,000 customer accounts.” [Consumerist, [4/8/15](#)]

**FCC fined AT&T \$25 Million for “Lax Data Security” and Failure to Safeguard Customers’ Personal Information:** FCC Chairman Tom Wheeler said, “As the nation’s expert agency on communications networks, the Commission cannot — and will not — stand idly by when a carrier’s lax data security practices expose the personal information of hundreds of thousands of the most vulnerable Americans to identity theft and fraud ... As today’s action demonstrates, the Commission will exercise its full authority against companies that fail to safeguard the personal information of their customers.” [Consumerist, [4/8/15](#)]

## **2015: IRS Scam Emanating from Indian Call Centers Scammed \$1.2 Million from Americans**

**2015 “IRS Scam” Involving Indian Call Centers and U.S.-Based Allies Scammed 3,000 Americans Between 2013 and 2015:** “Fake IRS agents have targeted more than 366,000 people with harassing phone calls” in the U.S. “Often the callers demand immediate payment and threaten jail if the person they call doesn’t pay up using a wire transfer or prepaid debit card. At least 3,000 people have fallen for the ruse since 2013 ... and the scam has claimed victims in almost every state. One victim lost more than \$500,000... two people, both in Florida, have been arrested, Camus said. They were accused of being part of a scam in which people in call centers in India contacted U.S. taxpayers and pretended to be IRS agents.” [New York Daily News, [3/12/15](#)]

**Hundreds of Victims, Totaling At Least \$1.2 Million:** “From December 2011 through the day of his arrest on December 18, 2013, Patel participated as a leader in a sophisticated scheme to intimidate and defraud hundreds of innocent victims of hundreds of dollars apiece ... Throughout the course of the fraud, telephone call centers located in India hired English-speaking employees to place telephone calls to individuals living in

the U.S. Armed with long lists of potential victims, referred to by Patel and his co-conspirators as 'lead sheets' those India-based callers systematically placed thousands of calls to individuals in the U.S. in the hopes of intimidating the call recipients into providing a payment to the co-conspirators. In order to extort these victims, the India-based callers impersonated law enforcement officials of the FBI and IRS and threatened their victims with financial penalties and arrest in connection with fabricated financial crimes ... Patel and his co-conspirators also used several layers of wire transactions in order to conceal the destination and nature of the extorted payments, which totaled at least \$1.2 million dollars." [U.S. Department of Justice press release, [7/8/15](#)]

**Targets Often Immigrants and Elderly in America:** "The police officer calling from 911 number mentioned that it does not matter that I am a Green card holder. I had not filed for Alien Registration Number when I came to US and that's why they will have me arrested and will deport me to India right away ... After four hours of feeling like a phone hostage and going from one bank to another – these guys kept referring to the bank as 'store – I was feeling miserable and I started texting my husband in India. I had already wired \$2000 using Western Union money transfer's 'money in minutes' option ... Finally, my neighbor had to track me down; he snatched the phone from my hand and shouted at the callers for giving me so much grief." [American Bazaar (Indian American publication), [7/8/15](#)]

### **Scope of Security Problems Associated with Indian Call Centers and Related Fraud**

**In 2013, Indian Police Estimated 10,000 Fake Call Centers Operating in Delhi Alone:** "Over 10,000 fake call centres are operating in New Delhi and many of them indulge in illegal activities of cheating innocent people, a police officer said ... 'Over 10,000 fake call centres are running in the capital which are making around 2 to 2.5 lakh calls daily to people living in and outside the country,' Deputy Commissioner of Police (crime) SBS Tyagi said." [News18, Delhi, India, [1/22/13](#)]

**Indian State of Uttar Pradesh Has Two Police Stations Solely Dedicated to Call Center and Online Fraud:** Indian call center scams are such a magnet for criminality that the Indian state of Uttar Pradesh "is now setting up two police stations that will handle cases of call center and online fraud exclusively." [Washington Post, [10/6/16](#)]

**Whistleblower in Massive 2016 Case: "Even If You Shut Down 400 Buildings," Scams Will Not Stop in India:** As the New York Times described in a follow-up reported piece focused on the whistleblowers who helped bring 2016 scam to light, "Those who believe that the drop is permanent should consider this: In the weeks after Mr. Poojary and Mr. Dubey left the center, several lucrative job opportunities were presented to them. Each involved a phone scheme targeting Americans, they said. There was the Viagra scam, in which callers offered to sell cut-rate Viagra; there was a low-interest loan scam, in which people were asked to deposit \$1,000 as proof of income. There was a tech scam, which warned Americans that their computer had been infected by a virus, and an American Express scam, which involved gathering personal information to break through security barriers on online accounts. 'Even if you shut down 400 buildings in India, it will not stop,' said Mr. Dubey." [New York Times, [1/3/17](#)]

### **2015: Filipino Call Center Employee Collected Details of Australian Citibank Customers and Sold Them to Sydney Criminals, Leading To More Than \$1 Million in Losses**

**Filipino Call Center Employee Collected Details of Australian Citibank Customers and Sold Them to Sydney Criminals.** A call center employee in the Philippines "allegedly collected banking details of Australian Citibank customers and sold them to a Sydney crime syndicate, which then used the details to defraud the customers of more than \$1 million." [Sydney Morning Herald, [7/2/15](#)]

**Citibank Minimized Public Worry:** “A spokesman for Citibank said it had worked with police to identify those allegedly responsible and that no customer would be ‘financially impacted.’” [Sydney Morning Herald, [7/2/15](#)]

### **Ongoing Jamaican Lottery Scam Has Roots in Off-shored Call Centers from U.S. and Canada**

**Notorious “Jamaican Lottery Scam” Has Roots in Call Centers Off-shored to Jamaica in 1990s.** As *Consumer Reports* highlighted in a series of 2015 articles, a particularly effective version of a “lottery and sweepstakes” scam operating out of Jamaica and targeting elderly Americans can be traced to the off-shoring of American and Canadian call centers in the 1990s. The scammers “honed their phone skills while employed in customer-service call centers set up by legitimate U.S. and Canadian companies, according to Corporal Kevin Watson, a police officer with Jamaica’s Major Organized Crime and Anticorruption Agency, Jamaica’s equivalent of the FBI. These call centers, located in Kingston and in St. James Parish, had once been used by airline companies, car insurers, computer manufacturers and credit-card companies. Watson, in testimony that was part of a court case against a scammer, said that young Jamaicans were hired and trained in customer service and taught how to communicate and empathize with the people they called.” [Consumer Reports, [10/13/15](#)]

**Jamaican Scam Now Targets Estimated 300,000 Americans and Brings Back \$300 Million Annually.** CNN called the Jamaican scams, “part of a cottage industry that targets nearly 300,000 Americans a year, most of them elderly, and has enticed them to send an estimated \$300 million annually to the Caribbean island nation. [CNN, [10/7/15](#)]

**Sen. Susan Collins (R-ME): Called Jamaican Lottery Scam “Cruel” and “Heartbreaking”:** “The Jamaican lottery scam is a cruel, persistent and sophisticated scam that has victimized seniors throughout the nation,” said Sen. Susan Collins of Maine, the committee’s chairwoman. “It is truly heartbreaking that this scam has robbed seniors of hundreds of millions of dollars.” [CNN, [10/7/15](#)]

### **Costa Rican Call Center Scam Targeting American Elderly Netted More than \$20 Million, Per 2015 Exposé**

**Costa Rica Call Center Fraud Netted \$20 Million from Americans:** “Call centers are one of the fastest growing sectors of the Costa Rican economy, but this boom industry has a dark side. Costa Rica was home to a massive telemarketing scam that defrauded thousands of U.S. citizens — most over the age of 55 — of upwards of \$20 million ... One of the call center operations, also known as ‘boiler rooms,’ that moved to Costa Rica claimed to represent U.S. federal agencies and the fake company, “Lloyd’s of London of Costa Rica.” Starting in 2002, the fraud would play off the reputation of Lloyd’s of London, the famed British insurance market known for underwriting unusual and extremely large policies, to trick victims into buying fake insurance to collect non-existent sweepstakes prizes.” [Tico Times of Costa Rica, [6/1/15](#)]

**Average Victim Loss Was \$1,200, But Some Lost Hundreds of Thousands of Dollars:** “Their targets lost an average of \$1,200 each to the fraud ... In 2010, a man in Hawaii unidentified in court documents wired \$210,000 to the fraud in Costa Rica after he was convinced to liquidate his retirement savings account to pay insurance fees on a non-existent \$3 million prize scam run by Glen Adkins. Adkins, a U.S. citizen who operated a call center in San Pedro, was convicted in August 2013. He was sentenced to 300 months in prison and ordered to pay more than \$2.4 million in restitution in November 2014. Another call center owned by a 34-year-old dual U.S.-Costa Rican citizen named Geoffrey Alexander Ramer defrauded \$1.88 million from hundreds of U.S. citizens between 2009 and December 2013, according to a press release from the U.S. Justice Department. Ramer pleaded guilty in September 2014.” [Tico Times of Costa Rica, [6/1/15](#)]

### **Peruvian Call Center Scam Shut Down in 2014 Victimized Several Thousand Americans**

**Several Thousand Americans Victimized in 2014 Scam Emanating from a Peruvian Call Center:** “Trial evidence showed that Spanish-speaking people were targeted with calls from Peru. The callers falsely accused the victims of refusing delivery of certain products and claiming they faced possible fines and lawsuits. The callers also said the victims could pay a so-called settlement fee to take care of the matter. Authorities say several thousand people were victimized.” [NBC Miami, [10/30/14](#)]

**Fraudulent Call Center in Peru Used Threats to Cajole Payments:** “In January 2015, Juan Alejandro Rodriguez Cuya, and his mother, Maria Luzula, were sentenced for defrauding and extorting Spanish-speaking U.S. residents through fraudulent call centers based in Peru as well as in Miami ... [Scammers were] accusing and threatening victims of failing to accept delivery of certain products and providing adequate payment for said products. The victims, of course, had not ordered the products in the first place, though employees promised a waive of all required payments if victims paid a ‘settlement fee.’” [South Florida Biz]ournal, [1/28/15](#)].

### **2012: Indian Call Center Employees Peddling U.K. Financial Data to Black Market**

**Indian Call Center Workers Steal Financial Data, Look to Make a Buck on the Black Market by Selling Data.** An investigative journalism piece found that individuals’ financial data from leading U.K. banks have been illegally culled from call centers in India and peddled on a thriving black market. [Sunday Times (UK), [3/18/12](#)]

**Undercover Reporters from the *Sunday Times* (UK) Described Their Findings:** “Clicking on the keyboard, a spreadsheet entitled ‘UK bank card data’ appeared containing the personal details of hundreds of British customers who hold accounts with leading high street banks...Scrolling down the screen, Singh added: ‘These [pieces of data] are ones that have been sold to somebody already. This is Barclays, this is Halifax, this is Lloyds TSB. We’ve been dealing so long we can tell the bank by just the card number.’” [Sunday Times (UK), [3/18/12](#)]

**Are Foreign Countries and Affected Corporations Playing Down the Risk?** According to the Sunday Times investigation, “The Indian authorities and British firms who take advantage of the low wages paid to call centre staff have sought to play down the threat of security breaches. When details of 1,000 British customers were sold to a newspaper by an IT worker last year, the Indian government — anxious to preserve the reputation of an industry worth an estimated £3.7 billion a year — described it as a ‘freak incident.’” A police source told The Sunday Times, “British companies are reluctant to report such breaches for fear of the potential adverse publicity.” [Sunday Times (UK), [3/18/12](#)]

**Law Enforcement and Security Analysts Disagree with Downplayed Risk Assessment:** Raghu Raman, a security adviser quoted in the Sunday Times piece warned, “Foreign clients need to understand that when they outsource to India to get cost benefits continuously, costs are being cut somewhere and many a time it is security ... Frankly, information security in India is not in a good shape.” Similarly, a police source quoted in the investigative piece noted that, “Unofficially, however, we know this business is out of control. The simple fact is the banks are worried that their customers will get scared and swap banks if they learn how easily and cheaply their confidential details are sold.” [Sunday Times (UK), [3/18/12](#)].

### **2012: Indian Call Center Employees Exposed by Federal Trade Commission in Fake Debt Collection Ring Targeting U.S. Households**

**“Phony Debt Collectors” Based in the U.S. Used “Call Centers in India” to Demand “Immediate Payment on Delinquent Loans,” Scamming Americans out of “More Than \$5 Million.”** The Pittsburgh Tribune Review reported, “Phony debt collectors – based in Southern California and using call centers in India – demanded immediate payment on delinquent loans. Often posing as attorneys or law enforcement

officials, they threatened consumers with lawsuits or arrests if payments weren't made. And they were highly effective. In 8.5 million calls tracked over four months in late 2010 by the Federal Trade Commission, the callers raked in more than \$5 million in payments from intimidated consumers. Only problem: Nobody owed them a dime. The 'phantom-debt' collection calls originated from two companies – American Credit Crunchers LLC and Ebeeze LLC, based in Villa Park, Calif. ... According to the FTC, the deceptive collection calls focused on payday loans, the short-term, high-interest loans that have been riddled by consumer complaints for years. In many cases, the victims had not even taken out a payday loan, but had filled out an online application that disclosed their bank account, Social Security or other personal financial information. Using that information, the callers would use coercive tactics, such as threatening to file lawsuits or arrest people for failure to pay." [Pittsburgh Tribune Review, 3/12/12]

**U.S. Federal Trade Commission Raises Alarm About Debt Collection Scam Operating out of Indian Call Center:** In late February 2012, the Federal Trade Commission (FTC) announced it had shut down a fraudulent telemarketing ring in which an Indian call center, in conjunction with two California-based companies, defrauded Americans out of more than \$5 million. [Huffington Post, 2/21/12]

**Indian Call Center Workers Bilked Americans out of More Than \$5 Million Using Fake Debt Collection Scam & Harassing Calls:** As Huffington Post coverage of the FTC investigation explained, "Workers in India made threatening calls to Americans getting them to pay money on debts that they didn't owe." [Huffington Post, 2/21/12]

**Call Center Workers Made Over 8 Million Calls and Processed Over 17,000 Transactions as Part of Scam.** Huffington Post reported, "According to the FTC, more than 8 million calls were made since 2010 and at least 17,000 transactions processed across the United States related to the global scam." [Huffington Post, 2/21/12]

**2012: Microsoft Terminated Its Contract with an Indian Call Center after Discovering the Center Was Engaged in a Computer-Related Phone Scam**

**British Newspaper Reported on "Scammers From Indian Call Centres" Engaged in Scheme to Access Computers & Sell Personal Data "to Crime Lords" for Use In Drug & Pedophile Rings.** Britain's Norwich Evening News reported, "Preying on households, scammers from Indian call centres are phoning homes every day in a bid to snatch cash and steal your identity. IT experts believe details being taken from computers on the premise that you have a fault on your machine are being sold to crime lords to cover the true identity of criminals behind drug and paedophile[sic] rings. The scam starts with a seemingly helpful phone call from someone pretending to be from a computer firm such as Microsoft or Apple, They say there is a virus or error on your computer and they will fix it. But it can end with fake profiles being set up on social network sites to commit further fraud and other crimes. Ann Jackson, from Norfolk Trading Standards, said: 'The contact advises that there is a problem with the user's computer and that they can offer a security check. The individual then gains access to the computer with the ensuing risk of them accessing personal information and bank details which can be used to commit fraud.'" [Norwich Evening News, 2/6/12]

**Microsoft Terminated Its Contract with an Indian Call Center After Discovering the Call Center Was Engaged in "the Microsoft Anti-Virus Scam."** The Hindustan Times reported, "But a new wave of fraud has gone offline, using telephones for cold calling, and the hub for this activity is India, the darker recesses of its booming IT sector. The unsolicited phone calls usually come from an apparently toll-free 800 number or one that appears legitimate. ... The primary fraud strain in this sector is what is described as the Microsoft anti-virus scam in which computer users receive a call where the caller pretends to have an affiliation to the software behemoth, or a computer technician who offers to fix the victim's machine's vulnerabilities remotely, for free. However, since serious problems are always 'detected' in these cases, the free fix comes with a price tag for the additional security measures. The average amount of money stolen was \$875, according to a survey released by Microsoft [in 2011]. That study covered 7,000 consumers across four

countries, the United Kingdom, Ireland, the United States and Canada. ... These calls appear to have originated mainly from Kolkata, allegedly from a company called Comantra, that was earlier a Gold Partner for Microsoft. In response to a query, a Microsoft spokesman said, 'We were made aware of a matter involving one of the members of the Microsoft Partner Network acting in a manner that caused us to raise concerns about this member's business practices. Following an investigation, the allegations were confirmed and we took action to terminate our relationship with the partner in question and revoke their Gold status.'" [Hindustan Times, [3/10/12](#)]

### **2012: Filipino Call Center Agent Was Accused Of Fraud for Offering to Reverse Charges in Exchange for a Pay-Off**

**Filipino Call Center Agent Faced "Allegations Of Fraud" After Reportedly Offering "To Reverse" Hundreds in Telecom Charges in Exchange for A Pay-Off.** According to ABS-CBN News, "Allegations of fraud against a Filipina customer service representative (CSR) is raising concern among call center agents. [...] Sam McNeill appeared on Australian 'Today Tonight,' saying he contacted the customer service hotline of telecom company Telstra to inquire about his \$557 bill. McNeill allegedly received an e-mail from an agent, 'Daniella,' after he had a conversation with her. The woman reportedly offered to reverse some of his charges until he is left with a \$99 bill. All he had to do was pay her \$60. In a statement, Telstra spokesperson Craig Middleton assured that the incident is 'not consistent with our Telstra values.' Middleton also said 'Daniella' has been suspended while a full investigation is ongoing. Bug McNeill believes the incident would have been avoided if services for Australians were not outsourced off-shore." [ABS-CBN News, [3/26/12](#)]

### **2012: Local Better Business Bureau Warned of Debt Collection Scam That "May Actually be Coming from a Call Center in India"**

**The BBB Of Acadiana Warned Of A Debt Collection Scam Targeting Payday Borrowers & Those With Low Credit Scores That "May Actually be Coming from a Call Center in India."** KATC News reported, "The BBB of Acadiana alerts residents to be wary of imposters posing as debt collectors. The BBB has received numerous calls on this scam, which involves illegal data harvesting maneuvers, fraudulent debt collectors accumulate long lists of phone numbers of people they plan to victimize. According to the BBB, people with low credit scores as well as payday loan borrowers are frequently targeted by scammers trying to collect on a debt that may not even exist. ... According to the BBB report, this company may have previously, or may be currently using the names, Financial Accountability, The Anderson Law Associates, or American Law. All of these companies have similar operations and all but American Law have the same address. For all of these companies, complainants report that company representatives have heavy foreign accents, and the calls may actually be coming from a call center in India." [KATC News, [6/18/12](#)]

### **2012: Woman Was Arrested After Years of Fraud, Including Scamming Customers at Numerous Call Centers**

**Former Call Center Worker Was Arrested For Stealing a British Woman's Credit Card Information & Banking Password to Bankroll Her Trips & Shopping.** The Daily Mail reported, "27-year-old Akshita Attri...stole a British woman's credit card details to make online purchases and book flight tickets, emptying the victim's account of Rs10.85 lakh. With a face worth flaunting than hiding – which she has been doing since her arrest on July 14 [2012] – call centre worker Attri sweet talked the victim, who perhaps thought that women are less likely to cheat, into parting with her net banking password. Between November 2011 and April [of 2012], using the data she shopped online till she dropped and ran out of luck. The police have seized mobile phones, expensive computer monitors, webcams and laptops from her. She travelled widely, always by air. One week in Jaipur, another in Goa, Hyderabad, Tirupati or Ooty, the air fares paid from the account of the British citizen. ... She was reportedly sacked for submitting forged documents at the time of hiring. Job-hopping between call centres, Attri soon discovered there was quick money if she could win client

confidence and coax them into sharing their credit card data with which she could buy anything her salary could not.” [Daily Mail, 7/18/12]

#### **2011: Filipino Call Center Agent Was Accused of Stealing Customer Credit Card Information**

**Filipino Call Center Agent Was Accused Of Stealing Credit Card Information From Customers In New Zealand.** According to the New Zealand newspaper The Press, “A TelstraClear customer says \$1500 was stolen after she gave her credit card details to a TelstraClear call centre agent in the Philippines. Patricia Holborow says \$1500 was charged against her credit card without her knowledge, part of it in cash and another two payments to a business in the Philippines. The sums were charged in Philippine pesos, after she had given her card details to a call centre agent called Mark on October 27 [2011] to pay a bill in New Zealand. Holborow said that when she had called TelstraClear the company had told her that it suspected the fraud had been carried out by Mark in Manila, because ‘he had done it to someone else.’ TelstraClear staff in New Zealand told her they considered the case serious and were investigating, but they refused to refund the money. [...] TelstraClear has more than 100 call centre staff in Manila.” [The Press (Christchurch, New Zealand), 12/30/11]

#### **2004: Nearly 100 Indian Call Center Workers Were Caught Misleading U.S. Credit Card Customers with Fake Offers to Bolster Sales**

**After Workers at India’s Largest Call Center Were Accused of Misleading U.S. Credit Card Company Customers with Unauthorized Offers, Capital One Terminated Its Contract with the Center.** According to Bank Technology News, “In March [2004], Capital One cancelled its telemarketing contract with India’s largest call center, Wipro Spectramind, after an Indian worker was accused of misleading U.S. credit card company customers with unauthorized offers. The offers were uncovered during a routine internal inspection in January [2004]. Nearly 30 Indian employees were fired and another 65 resigned after being accused of offering incentives like free gifts or membership discounts.” [Bank Technology News, May 2004]

**Indian Call Center “Representatives Were Instructed To Lie By Their Supervisors to Better Bolster Sales Figures.”** According to Competition Forum, “Capital One Financial Services made a decision to move overseas via a third party outsourcing provider. Their call center was located in Mumbai India and for two months a group of 60 call center representatives falsified the benefits of credit cards and outright lied about free gifts and memberships to U.S. customers. These representatives were instructed to lie by their supervisors to better bolster sales figures (Brubaker, 2004). Situations like these leave a sour taste in the mouths of consumers and tarnish the reputation of a service provider.” [Competition Forum, 2010]

## American Consumer Data Is Compromised By Foreign Call Centers Because Of Lax Security & Laws

### KEY FINDINGS

- ▶ Philippines has been largest call center nation for several years, but still lacks highest global data privacy standards.
- ▶ Dealing with foreign laws, such as extradition, and the lack of relevant treaties complicates efforts to hold those responsible for call center scams accountable
- ▶ India remains behind the times on data privacy laws: EU still has not approved India as a “data safe” nation
- ▶ Due to off-shoring, U.S. customer data is subject to warrantless federal surveillance.

### **Philippines Has Been Largest Call Center Nation for Several Years, But Still Lacks Highest Global Data Privacy Standards**

**Filipino Call Center Industry Not Yet Fully Up To Speed on Global Data Security Standards:** The first data protection law in the Philippines, passed in 2012, mandated the creation of a National Privacy Commission to “implement, enforce, and monitor compliance.” However, “It was not until March 2016 that the NPC was officially formed” and related “implementing rules and regulations” did not go into effect until September 2016. [Chronicle of Data Protection analysis, Hogan Lovells, [9/9/16](#)]

**Filipino Call Companies Not Forced to Adhere to New Rules and Regulations in Philippines Until Fall 2017:** Even then, the new rules and regulations “permit a one-year period within which personal information controllers and processors are expected to register with the NPC data processing systems that process sensitive personal information of 1,000 data subjects or more” – meaning, the deadline for call centers to register is not until September 2017. In the interim and in recent years, the Filipino call center industry has been operating with substandard privacy and data policies. [Chronicle of Data Protection analysis, Hogan Lovells, [9/9/16](#)]

### **Dealing with Foreign Laws, Such as Extradition, and the Lack of Relevant Treaties Complicates Efforts to Hold Those Responsible for Call Center Scams Accountable**

**Call Center Scams Targeting Americans Are Attractive to Set Up in Costa Rica, in Part Due to Extradition Difficulties.** “Costa Rica’s friendly business climate for expats has been both good and bad, said Paul Chaves, a San José-based security analyst. ‘Costa Rica is attractive to foreign criminals because the country is very friendly to the United States and it’s difficult to extradite someone,’ the analyst said.” [Tico Times of Costa Rica, [6/1/15](#)]

**The “Lack of a U.S.-India Treaty That Requires Judgments Rendered in U.S. Courts to be Valid in India” as a Problem for Data Security.** According to US Banker, “Already, U.S. financial firms compel Indian outsourcers to comply with U.S. laws in the handling of consumer data, and specifically name the U.S. as the jurisdiction and venue for dispute adjudication. However, one key problem is the lack of a U.S.-India treaty that requires judgments rendered in U.S. courts to be valid in India, and such judgments often need to be submitted to Indian courts. Many banks have been protected by arbitration clauses, which require disagreements to be resolved before even hitting the courts.” [US Banker, December 2006] As Philip Alexander, an information officer at a major financial institution, noted in 2007 on TechTarget, “Simply put, there just isn’t too much risk in committing data theft in many overseas countries, particularly if the victims

are foreigners, (in this context, that would be you and me).” [Philip Alexander, 2007]. As of 2017, there is still no treaty that would guarantee that U.S. court judgments would be recognized in India [State Department, Website Accessed February 2017].

### **India Remains Behind the Times on Data Privacy Laws: EU Still Has Not Approved India as a “Data Safe” Nation**

**The European Union Still Has Not Approved India as One Of Its Data Safe Nations.** In 2012, the National reported, “Then there are data security issues, too, that are hampering growth. The European Union has not approved India as one of its data safe nations, which means European companies are increasingly wary of transferring their critical business there. ‘It would be in India’s benefit to ensure its data protection laws and enforcement regime will stand up to EU scrutiny if the country is serious about wanting to join the small but growing club of nations with EU data secure status,’ says Ritu Singh, the head of NIIT Technologies, a BPO company.” [The National, 5/23/12]. This remains an issue as of 2017, as the EU-India summit of spring 2016 failed to lead to a breakthrough on a trade agreement, with data security issues remaining one of the areas of impasse. [Times of India, 2/22/17]

**While India Has Taken Some Steps to Improve Its Data Privacy Laws, the Indian Government Specifically Carved out Outsourcing Companies from These Regulations.** On April 11, 2011 India adopted new rules governing data privacy called the *Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011* [See [PC World](#) recap]. Yet as the [Times of India](#) reported in August 2011, “After the angst expressed by the \$14-billion Indian BPO industry over the new data protection rules this year, the government has finally relented. It has clarified that the new rules won’t apply to outsourcing providers located in India.” [Times of India, August 26, 2011]

As of 2016, India still does not have “specific legislation dedicated to data protection.” [DataPrivacyAsia Newsletter, 7/24/16]

### **Due to Off-Shoring, U.S. Customer Data Subject to Warrantless Federal Surveillance**

**Warrantless Data Collection by US Government at Off-shore Call Centers.** Another underappreciated aspect of the off-shoring trend is that when U.S. customers’ financial information is sent overseas, it loses the protection of the 4<sup>th</sup> amendment. This means that as long as an individual’s data isn’t specifically “targeted,” the data can be collected and analyzed by U.S. federal agencies without a warrant. While several class action lawsuits brought against Bank of America and American Express on the subject were dismissed over the past few years for lack of specific injury and standing, the underlying issue of Americans’ information being transferred overseas and not subject to domestic-level protections was unchallenged.

## Sending Call Center Jobs Overseas Has Devastated American Communities & Families

### KEY FINDINGS

- ▶ Fall 2016: Xerox and Sykes Enterprise announce expanded call center operations in the Philippines while announcing closures of U.S. call centers.
- ▶ The rise of the call center industry in the Philippines – and Verizon example a reminder that firms may undersell their presence.
- ▶ Companies have taken millions in incentives from local taxpayers to open call centers in the U.S., only to off-shore their operations a short time later and leave local communities devastated and still paying the bill.
- ▶ Individuals and families have been destroyed by companies off-shoring their call center operations.

### **Fall 2016: Xerox and Sykes Enterprise Announce Expanded Call Center Operations in the Philippines While Announcing Closures of U.S. Call Centers**

While many companies have become more cautious and cagey about publicizing the opening of overseas call centers at the same time they are announcing U.S. call center layoffs, there remain examples that demonstrate the correlation. For example:

**September 2016: Xerox Announces Plans to Hire 800 New Workers in the Philippines for Its BPS Services Unit, Which Includes Call Center Work.** In September 2016, Xerox announced that it was looking to hire 800 additional workers by the end of 2016 for its eight facilities in Metro Manila and Cebu in the Philippines as part of an expansion of the company's business process services offerings, which includes call center work. [Manila Times, [9/2/16](#)]

**New Hires Will Add to 8,000 Xerox Workers in Customer Care and Finance/Accounting Operations in the Philippines (Includes Call Center Work).** As of September 2016, Xerox employed approximately 8,000 workers in its customer care and finance and accounting operations in the Philippines (no specific further breakdown isolating call center work specifically). [Manila Times, [9/2/16](#)]

**Meanwhile, in Same Fall 2016 Timeframe, Xerox Announced Rounds of Layoffs and Closures at American Call Centers.** For example:

- Xerox call center in Lewiston, Maine would shut in October 2016, laying off 140 employees [Portland Press Herald, [9/1/16](#)]
- Xerox call center in Redmond, WA would shut by May 2016, laying off 325 employees [Geek Wire, [3/15/16](#)]
- Xerox call center in Cary, North Carolina would close by end of March 2016, laying off 178 workers [Raleigh News & Observer, [1/26/16](#)]
- Xerox call center in Baton Rouge, Louisiana closing in May 2016, laying off 84 workers [WAFB-CBS in Baton Rouge, LA, [3/9/16](#)]
- Conduent, Inc., the new name for the spin-off company of Xerox that will include call center operations, announced in February 2017 that it was laying off 143 call center employees in Charlotte, NC [Charlotte BizJournals, [2/1/17](#)]
- Conduent also announced in February 2017 that it was laying off 178 employees at a Greeley, CO call center [The Tribune in Greeley, CO, [2/8/17](#)]

**October 2016: Florida-based Sykes Enterprises Opens an Additional Call Center in the Philippines, With 2,200 Jobs.** In October 2016, Sykes Enterprises announced the October 2016 opening of another Filipino call center in Muntinlupa City in the Philippines, generating more than 2,200 Filipino jobs. [Philippine Daily Inquirer, [10/1/16](#)]

**Sykes Employs More than 15,000 Call Center Workers in the Philippines:** Overall, Sykes employs more than 15,000 Filipino call center workers. [Philippine Daily Inquirer, [10/1/16](#)]

**Also in October 2016, Sykes Closes Eugene, OR Call Center, Putting 400 Americans out of Work:** In Oct. 2016, Sykes announced that its Eugene, OR call center would close at the end of October 2016, just three years after its opening. Sykes said that the location was closing due to “business decisions” and, allegedly, employees were “told to keep quiet” regarding the closing. 400 jobs set to be terminated as a result of closure. [KVAL-CBS in Eugene, OR, [9/9/16](#)]

### **The Rise of the Call Center Industry in the Philippines – and Verizon Example a Reminder that Firms May Undersell their Presence**

**American and global firms’ relationships to Filipino call centers:** A snapshot of firms with Filipino call centers gives a sense at how pervasive the practice is across a wide range of industries: Citibank, JPMorgan, Verizon, Convergys, Genpact, Sutherland Global Services [[Reuters, 12/8/16](#)], Safeway, Chevron, Aetna [Los Angeles Times, [2/1/15](#)], and Visa [[Philippine Daily Inquirer, 9/26/16](#)]. Additionally, the “Contact Center Association of the Philippines (CCAP) announced that about a hundred foreign companies were in talks with Philippine call centers as they look to outsource some of their operations ... Among them are financial giants Morgan Stanley, Goldman Sachs and Mitsubishi UFG Financial Group.” [[Philippine Daily Inquirer, 9/26/16](#)]. The drive is cheaper labor costs – call-center workers in the U.S. make approximately four times their Filipino counterparts [Los Angeles Times, [2/1/15](#)].

**Many of these firms are likely downplaying the extent of their reliance on overseas call centers – take the case of Verizon:** Verizon is off-shoring customer service calls to numerous call centers in the Philippines, where workers are paid just \$1.78 an hour and forced to work overtime without compensation. In May 2016, a Communications Workers of America (CWA) delegation uncovered call centers in the Philippines staffed with workers during U.S. daytime hours taking every imaginable type of customer service call related to the company’s wireline services. The scope far exceeds what Verizon had publicly claimed. Terrified that the public might find out about what has happened to the good middle-class jobs the company has shipped overseas, Verizon sent private armed security forces after peaceful CWA representatives and called in a SWAT team armed with automatic weapons. [CWA press release, [5/13/16](#)]

### **T-Mobile and Wells Fargo Announce U.S. Call Center Closures While Keeping International Call Centers in Business**

**In 2012, T-Mobile Announced Major Call Center Closings across the U.S.** T-Mobile [announced that 1,900 U.S. workers will lose their call center jobs](#) by closing call centers in Thornton, CO; Fort Lauderdale, FL; Lenexa, KS; Allentown, PA; Redmond, OR; Brownsville, TX and Frisco, TX. Over 3,300 workers will be affected, though a limited number of those workers will have the right to move to different states to work in other call centers. Many workers will likely not want to uproot and as a result, hundreds of additional workers on top of the stated 1,900 will likely need to look for a new jobs thanks to the closures. [CNNMoney, [3/23/12](#)]

**Previously, T-Mobile USA has off-shored call center work** to such nations as Honduras and the Philippines – yet instead of closing these international centers, it is content to shutter U.S. employment centers.

**T-Mobile USA took over \$61 million in state and local recruitment subsidies to originally locate these call center jobs in some of the same American communities it is now leaving** [Good Jobs First Report, 2011]

**Wells Fargo Announced the Closing of Many of Its Call Centers in the U.S. – While Expanding Call Center Operations in the Philippines.** In 2012, Wells Fargo announced plans to expand its call center operation in the Philippines. “Wells Fargo Philippines Solutions communications manager Theresa Lariosa reported that they plan to further expand their newly-opened BPO facility in McKinley Hill Cyberpark in Taguig City, to accommodate triple the number of employees it currently has. ‘At present, we employ 180 team members in our current facility, but this can house as many as 450 to 500 seats. We have two floors in McKinley Hill for this, and we expect them to be fully occupied by yearend,’ Lariosa said. The Philippine BPO unit of the US’ second-largest bank is also constructing a purpose-built building within the same Megaworld site, with completion of the first phase expected by early 2013.” [Asian Journal, 3/14/12]

**Wells Fargo Laid Off Hundreds of American Call Center Workers When It Closed Multiple Domestic Call Centers.** The company laid off hundreds of American workers by shuttering call centers in such locations as California, Florida, and Pennsylvania. [Orange County Register, LoanSafe, Lehigh Valley Live].

**American Workers Required to Train Filipino Replacements.** To add insult to job loss injury, the Ed Schultz radio show reported that Wells Fargo employees scheduled to lose their Des Moines, IA-based call center jobs are actually being tasked with training their Filipino replacements. [Ed Schultz Radio Show, 3/2012]

**Wells Fargo Received \$25 Billion in TARP Money.** Wells Fargo received a \$25 billion lifeline from government coffers via TARP, but now seems unwilling to offer a similar lifeline to help strengthen American jobs and our national economic recovery. [ProPublica].

### **Companies Closed U.S. Call Centers Build with Millions in Incentives from Local Taxpayers, Threatening Local Communities**

**The 2011 Closure of a Call Center in Virginia’s Henry County Resulted in 631 Layoffs, Worsening “a Chronic Problem Of Double-Digit Unemployment in the Region.”** According to the Roanoke Times, “A Henry County call center will terminate all 631 employees and shut down [during the summer of 2011] after seven years of taking calls for telecommunications companies. StarTek Inc., citing a change in a major client’s needs, announced the closure to employees and local officials ... with a promise to help displaced workers find new employment. The announcement, which takes effect July 22 [2011], worsens a chronic problem of double-digit unemployment in the region.” [Roanoke Times, 5/24/11]

**Local Community: Laid Off Workers Were Sent to the Philippines to Train Their Eventual Replacements.** According to the Roanoke Times, “It’s been one step forward, one step back. Mary Martin is a community activist in Southside. She also manages a small tobacco store. She said several StarTek employees stopped in the store [following announcement of the call center closure]. ‘They were very upset,’ Martin said. ‘They knew that when StarTek built that new facility in the Philippines that this was coming. Some of the people from the Collinsville office went over there and did some training. I told them they were training someone else to take their job.’” [Roanoke Times, 5/24/11]

**From 2004 to 2009, Washington’s Yakima County Saw a 29% Drop in Administrative Support Jobs, the “Lion’s Share” of Which Were Call Center Jobs.** The Yakima Herald-Republic reported, “Jessica Garehime has spent most of the past seven years working at call centers. The 31-year-old Yakima resident liked dealing with customers over the phone rather than face-to-face. ‘I’ve got great computer skills,’ she said. ‘I’ve got that happy voice.’ But out of the three Yakima call centers she’s worked at, only one – Costco,

where she currently works – is still around. In the past few years, the call center and back-office industry, once seen as a key economic generator for the hundreds of jobs it brought to the Yakima Valley, has dwindled amid layoffs and closures, including the April 12 [2011] closure of the Whirlpool call center in downtown Yakima, leaving 160 people jobless. In 2009, Yakima County had an annual average of 1,487 jobs in the administrative and support-service sector, well below the 2,009 jobs the county had in 2007 and the 2,093 jobs in 2004, according to the latest data available from the state Employment Security Department. A lion's share of the loss was from the call center and back-office industry, said Don Meseck, regional economist for state Employment Security." [Yakima Herald-Republic, 4/25/11]

**Call Center Jobs Were Seen as "Economic Revivers" in the Early 2000s, but Companies Using "Cheaper Off-Shore Facilities" "Dashed" That Potential.** The Yakima Herald-Republic reported, "It's a contrast from the early 2000s, when business and community leaders saw call centers and back-office firms as major economic revivers for the double-digit percentage unemployment rates facing the county. ... That potential was dashed when ClientLogic shut down in April 2004 and left more than 300 people jobless. The closure came after its top customer, Earthlink, opted to hire call center companies with cheaper off-shore facilities." [Yakima Herald-Republic, 4/25/11]

**Kansas City Star Told the Story of a Missouri Family Facing Foreclosure After the Father – a Former Call Center Manager Who Lost His Job – Couldn't Find Good Work with Facilities Being Off-shored.** The Kansas City Star reported, "As they stoically watch the calendar count down to the January day their home will be foreclosed, a mother and father surmise about what went wrong. 'I often wonder, "Where have I failed,"' said John Eller, a father to eight children. He's seated in the family room of the tidy home on the edge of a Lee's Summit cul-de-sac, waiting to report to the job that pays a fraction of the corporate salary he once earned. ... He has a business degree and was once a senior-level director at Sprint. But about seven years ago he became part of Sprint's shedding of workers. His expertise was managing call centers, work that was outsourced. ... For a time he worked as a baker at a grocery. The 5 a.m. to 1 p.m. shift left plenty of time to send out resumes. But mostly, all he heard from prospective employers was 'We're going in a different direction.' ... They've learned the 'humbling' of food stamps and having the children's Christmas provided by their church." [Kansas City Star, 1/8/09]