

...arathons, ad-
part-time jobs.
of working sen-
ill undoubtedly
that the federal
made it easier
ect Social Secu-
bill signed into
eliminates the
Social Security
workers between
iously, benefits
1 for every \$3
\$17,000 a year.
ill is retroactive
than 400,000
enefits withheld
get refunds, the
e checks, which
age \$3,500 per

...claim princi-
in six quarters
1994, 1995 and
1996 when it
would have had losses if the
costs been expensed as they
were incurred, the SEC said.
AOL did not know enough
about its new business to meet

...get a head start signing up mil-
lions of online customers and
gaining the momentum that ul-
timately allowed it to make a
\$160 billion stock deal in Janu-
ary to buy Time-Warner.
AOL ditched the practice in

...because the SEC has to meet le-
gal tests, it can't act as quickly on
questionable accounting as
stock analysts can. "Unfortu-
nately, this took as long as it
took," he says.
Still, he says the case should

...that they are going to be looking
hard at accounting practices of
Internet companies."
The question is whether that
will keep other companies from
trying to stay one step ahead of
the law in the Internet gold rush.

Phone service complaints hit record

Competition ebbing, some critics say

By Shawn Young
USA TODAY

Consumers, fuming at top long-distance carriers AT&T and WorldCom, lobbed a record number of complaints about mysterious charges, deceptive marketing, high rates and bad service at federal and state regulators last year.

The complaints mounted as No. 2 carrier WorldCom, which bought the former MCI Communications in 1998, prepared to buy third-ranked Sprint. That deal will give AT&T and WorldCom a combined 80% of the consumer long-distance market and swallow the powerful No. 3 competitor.

Consumer advocates and some analysts say the deal could add to consumers' woes by eroding competitive pressure to reduce rates and improve service. Regulators are now studying the merger and have expressed concern about its possible effect on consumers.

"Competition in the long-distance market is already less than vibrant for the average consumer," says Gene Kimmelman of Consumer's Union. Carriers are focusing most of their discounts and marketing muscle on a relatively small number of big spenders, leaving most consumers with lackluster choices, Kimmelman says.

Package deals sought

WorldCom CEO Bernard Ebbers says it's old-fashioned and misleading to break phone service into fixed categories, such as local and long-distance, when the market is moving toward package deals.

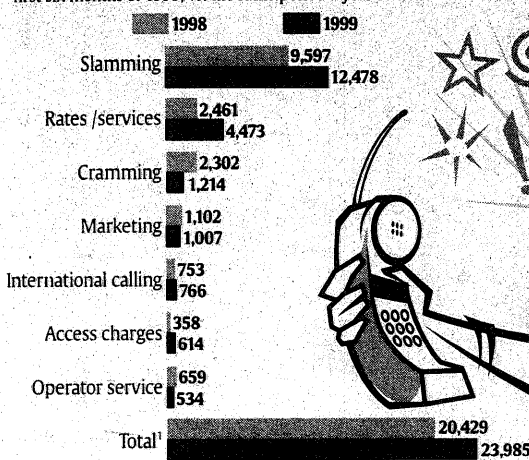
WorldCom and AT&T, which is buying cable giant MediaOne Group, argue that mergers will make them better able to compete as local carriers with the regional Bells.

But WorldCom — in its first foray as a local phone company competing for consumers — generated a large number of complaints to the New York State Public Service Commission and faces penalties of up to \$3 million if it doesn't cut down on complaints by October. WorldCom began promoting its "residential local service" in New York last fall. It now has about 330,000 residential customers.

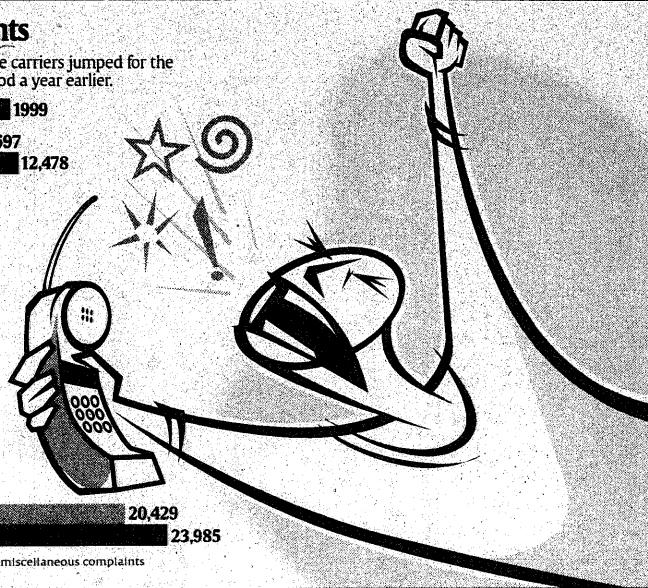
WorldCom is proud of the number of customers it has attracted in a short time, says Sally McMahon, vice president of consumer affairs and quality. "We are learning very quickly how to be an excellent local phone service," she

Phone company complaints

Consumer complaints against all U.S. phone carriers jumped for the first six months of 1999, vs. the same period a year earlier.



1 - Includes disputes with pay phone companies and miscellaneous complaints
Source: FCC Common Carrier Scorecard



By Alejandro Gonzalez, USA TODAY

says.

In long-distance, consumers complain about a hodgepodge of irritants, chief among them slamming, the Federal Communications Commission says. A customer is slammed when his long-distance carrier is changed without his knowledge. There's also cramming, or unauthorized bogus charges slipped into the bill, often by third parties.

Other common complaints: long waits to reach customer service; difficulty resolving disputes; minimum charges for people who rarely make long-distance calls; and steep per-minute charges levied on customers who thought they had discount plans.

Not all the complaints are justified, regulators say. And though the top carriers generate the most complaints because they have the most customers, they land way at the bottom of the FCC's list of offenders when company size is taken into account.

Even so, consumer long-distance complaints are rising:

► In New York, complaints against AT&T increased 26% in 1999 vs. 1998. Complaints against WorldCom, which is dropping the MCI name, leapt 69%.

► In Texas, complaints against AT&T rose 35% in the first half of 1999 compared with the first half of 1998, while complaints against MCI and WorldCom, which the state tallied separately, nearly tripled.

► In Washington, complaints against AT&T more than doubled in 1999; WorldCom complaints went up 46%.

► In Florida, complaints against AT&T

rose 21%, while WorldCom complaints jumped 43%.

► A University of Michigan Business School survey found customer satisfaction with AT&T slipped 5.1% in the first quarter of 2000, compared with 1999, while it dropped 4.1% for WorldCom and 5.4% for Sprint.

Complaints against Sprint have risen as well in some states, although the increases are more modest, says Bob Rowe, president of the National Association of Regulatory Utility Commissioners, a state regulators' group.

Improvement is priority

All three of the top carriers are reputable, Rowe says, and are making efforts to resolve problems with service.

Shortly after he joined AT&T in 1997, CEO C. Michael Armstrong started an internal crackdown on slamming. More recently, Armstrong said AT&T will discontinue its \$3 monthly minimum charge for customers who make little or no use of the service this summer. State regulators say the minimum charge and new, quarterly bills for low-spending customers were responsible for a big part of the spike in complaints against AT&T last year.

The minimum charge struck many consumers and advocacy groups as unfair because customers were charged when they didn't make calls, and the burden tended to fall most heavily on the people who could least afford it. AT&T said it had long lost money maintaining accounts and billing customers

whose bills didn't cover costs.

Consumer discontent is partly a reflection of the profound changes shaking up the industry, AT&T's Mark Seigel says.

"We are working hard to make sure customers have a perfect experience with us," he says. To AT&T, this means being as clear and available as possible, he says.

The main things that irk consumers about WorldCom, state regulators say, are bills that don't seem to jibe with telemarketing promises, difficulty reaching customer service and

resolving complaints and high per-minute rates that hit customers who thought they were getting discounts.

State regulators say the last issue often crops up when a customer signs up with a third-party carrier that is buying time wholesale from WorldCom. If the third-party carrier drops the customer or goes out of business, the customer is, in effect, stranded on WorldCom's network, paying steep "random" rates as high as 25 cents a minute.

The company is working with its resellers on ways to prevent that and has set up procedures to resolve the disputes that do arise more quickly, says McMahon.

Meanwhile, she says, improvements WorldCom made to customer service and sales practices paid off in the first half of this year. Less than 0.1% of customers complain. That's down from 0.3% a year ago, she says.

Contributing: Anne R. Carey



Tim Dillon, USA TODAY

Armstrong: Tackled slamming.



H. Darr Beiser, USA TODAY

Ebbers: Likes local and long-distance.

Airlines' attempt to raise domestic fares stalls — for now

By Donna Rosato
USA TODAY

NEW YORK — Airlines are edging toward raising fares for the third time this year, but fliers may win a reprieve this week.

are mostly bought by last-minute business travelers. American, Northwest and US Airways followed Delta's lead. United, America West and TWA had matched Continental's increases.

Airlines withdraw fare in-
creases if competitors don't

to raise fares over the Memorial Day weekend, Trippler says.

Airlines began raising fares in February to offset escalating fuel prices, pulled up by soaring oil prices. Monday, crude oil hovered near \$30 a barrel after crossing the \$30 mark Friday for the first time since March

significant impact on us," says Pete Buchheit, director of travel and meeting services at Black & Decker, based in Towson, Md. "As these fares continue to escalate, people will have to cut back on travel."

Already at Black & Decker, airline tickets are booked an av-

take the increases, or we can get creative," says Tom McCabe, global director of travel services at PerkinElmer in Wellesley, Mass.

McCabe says his company has been replacing business trips with videoconferencing to save money as fares rise.