Texas Sues Vonage After Crime Victim Unable to Call 911
Internet Phone Firm's Marketing Cited
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Texas sued Vonage Holdings Corp., the largest provider of Internet-based calling, accusing it of deceptive practices after a customer couldn't reach 911 emergency services using a Vonage connection.

Vonage subscribers Peter and Sosamma John, parents of Joyce John, were shot Feb. 2 in Houston as Joyce John tried to call 911 during a break-in at their home, according to the office of Texas Attorney General Greg Abbott. The parents, who survived their injuries, didn't specifically request 911 services when they signed up.

Abbott, who is seeking $20,000 for each violation, said Vonage's marketing materials don't make it clear that users need to sign up to make 911 calls. The lawsuit underscores concerns over the emergency-services reliability of Internet-based calling. The Federal Communications Commission in November exempted Internet phone companies from 911 rules set by states.

"If Vonage is found liable, then that will send a shockwave" through the industry, said Gregory L. Rohde, president of e-Copernicus, a telecommunications consultant in Washington. He said this is the first suit he has seen by a state against an Internet telephone service.

Joyce John, who tried to reach authorities from an upstairs phone when her home was being robbed, received a recording saying that emergency services weren't available from the phone line, the attorney general said.

"This family's moment of crisis..."
signals a dire need for Vonage to clearly communicate to its Internet telephone customers that 911 access may not be available to them," Abbott said in a statement. "This is not just about bad customer service; it's a matter of life and death."

Closely held Vonage notifies customers twice during the subscription process that they must register for 911 service, and subscribers are repeatedly notified that they must request emergency service whenever they log into their account, said Vonage spokeswoman Brooke Schulz.

"We are willing and able to work with the AG's office," she said.

Vonage was founded in 2001 and has raised $145 million in private investments. Based in Edison, N.J., the company has more than 500,000 subscribers and is adding 40,000 customers a month, chief executive Jeffrey A. Citron said in an interview earlier this month.

Schulz said the company has provided Abbott's office with documentation about Vonage's disclosure and marketing practices.

She said that there is "no default for customers who aren't registered" because the company must know where the customer is located through registration in order to properly direct the emergency call. About 50 percent of the company's subscribers are activated for 911, Schulz said.

The service, also known as voice over Internet protocol, or VoIP, transmits voice calls in the same way e-mail is delivered over the Internet. It transforms conversations into digital information, breaking them down into data packets. Traditional phone service designates a single path for each conversation.

"We really have very limited means of getting the call to the right place," Schulz said. "And that limited means is essentially the customer registering the device. If they don't register the device, it's almost impossible for us to know where the device is."

Researcher In-Stat/MDR predicts the Internet-telephone calling industry will expand to $776.9 million this year from $34.5 million in 2003.

The FCC is considering whether to require Internet phone providers to give customers 911 capability with basic service.

"I'm not so sure the industry will succeed if they can't provide" 911 services, said Rohde, who also served as the chief of the National Telecommunications and Information Administration under President Bill Clinton.