



PAKISTAN TELECOMMUNICATION AUTHORITY
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**Enforcement order under sub-section 3 of section 23 of the Pakistan
Telecommunication (Re-organization) Act, 1996 in the matter of M/s Dancom Pakistan
(Pvt.) Limited**

Date of Issuance of Show Cause Notice: 22nd August, 2006
Date of Hearing: 19th April, 2007,
18th March, 2008
Venue of Hearing: PTA HQs, Islamabad

The Authority Present:

S.Nasrul Karim Ghaznavi: Member (Finance)
Dr. Mohammad Yaseen: Member (Technical)

The Issue:

“Submission of incorrect CDR to the Authority”

Ex-parte Decision of the Authority:

By this order, we, the Pakistan Telecommunication Authority (the “Authority”) intend to dispose of the show cause notice (the “notice”) dated 22nd August, 2006 issued to M/s Dancom Pakistan (Pvt.) Ltd. (the “licensee”), engaged in the business of providing telecommunication services (Long Distance and International-LDI) in Pakistan pursuant to the non-exclusive license No.LDI-05(01)-2004 dated 3rd April 2004 (the “license”) issued by the Authority.

2. Reason to issue show cause notice:

2.1. The circumstances in which the notice was issued to the licensee are stated below in brief:

2.2 Pursuant to rule 12 of the Access Promotion Rules, 2004 (the “AP Rules”) and regulation 11 of the Access Promotion Regulations, 2005 (the “AP Regulations”) the licensee is required to furnish report to the Authority of total incoming international minutes carried and delivered by it to the telecommunication system of Local Loop (LL) and Mobile licensees including total payments made to LL and Universal Service Funds (USF), respectively.

2.3. The licensee on 9th March, 2006 submitted the aforesaid report to the Authority, which was reconciled with Pakistan Telecommunication Company Limited (PTCL)’s Call Detail Record (CDR). It was found that the licensee had shown over two million (i.e. 2,654,292) incoming international telephony minutes less than that of the actual minutes. This fact was corroborated by the analysis

carried out by matching with the licensee's CDR and CDRs of other operators including PTCL. The licensee was, thus, found in misreporting of incoming international telephony minutes, hence, concealed the real/actual facts/data from the Authority, which constitutes violation of the terms and conditions of the license, the AP Rules and the AP Regulations, as referred to in Para 2.1 above, for which reason the notice was issued to the licensee.

3. Reply to the show cause notice by the licensee:

3.1. The licensee, in its reply dated 20th September 2006 to the notice, categorically denied the allegation regarding provision of incorrect information contained in the notice and put forth various pleas for difference of minutes. The contentions raised by the licensee in the reply are reproduced as under:

1. *M/s Dancom Pakistan (Pvt.) Limited is incorporated in Pakistan under the Companies Ordinance 1984 and is engaged in business of provision of telecommunication services under the terms of license No.LDI-05(10)-2004 dated 3rd August 2004 issued by the Authority. To the best of our efforts, we try to be fully compliant to all the license conditions, related rules and regulations issued by the Authority from time to time including the mentioned Access Promotion Rules, 2004 and Access Promotion Regulations, 2005. We understand the importance of compliance of license terms and conditions and provision of related information required by the Authority unless some difficulty arises in the mechanism or the format that may cause delay beyond our control.*
2. *Sir, we categorically deny the allegation of provision of incorrect information. Based on the PTCL CDRs that were provided to us by PTCL after lot of delays, we extracted the information and compared the data with our records. The difference of minutes is very less, rather within negligible limits due to possible difference of clock at various PoPs of PTCL and Dancom. The table below shows the number of calls and minutes recorded by both the systems:*

Types of Trunks	Months	Dancom System		PTCL System	
		Calls	Minutes	Calls	Minutes
National	Jan 06	1,141,621	3,362,601	1,146,936	3,598,763
	Feb 06	1,078,129	3,057,362	1,059,607	3,135,738
International	Jan 06	1,120,270	5,371,904	1,130,753	5,371,007
	Feb 06	888,798	3,816,884	898,226	3,785,936

Difference of Minutes (PTCL minus Dancom)

- a. *National Trunks January 2006 = 236,162 mins*
February 2006 = 78,376/-
- b. *International Trunk January 2006 = (897) mins*
February, 2006 = (30948) mins
3. *The difference of minutes (2 million) stated in the above referred Show Cause is not correct and perhaps it is due to misunderstanding. There has been numerous correspondence exchanged between Dancom and PTCL. In case copy of any letter written by PTCL to Dancom, is not provided by us to PTA, it is simply due to the fact the PTA office may not specifically have asked for any or all letters exchanged. The substance of the matter mentioned in the so-called concealed PTCL letter dated 21st*

April has already been reported to PTA vide our letter No.CPH/CLO-3(LDI)/PTA-CA dated 18th July 2006 and even number dated 27th July, 2006. Moreover, we have earlier communicated through our letters to PTCL and some are copied to PTA that while calculating the bills amount, PTCL has erroneously levied APC on National calls (also received on National Trunks by PTCL.

4. *As per the PTCL Interconnect Agreement, Schedule-12, we had filed the disputes related to excessive charging and wrong levy of APC on the national calls received on the National Trunks with PTCL. The copies of the filed disputes are enclosed. Upon receiving no response from PTCL, we were left with no choice but to resort to Court of Law for arbitration proceedings. The learned court has admitted this case and the wrong levy of APC is now sub-judice matter.*
5. *It is further submitted that concerned PTA office has not provided us enough opportunity for clarification otherwise we could explain the matter that there is not much difference of minutes of calls. The levy of wrong APC by PTCL is unjustified and it is an Act by PTCL without proper justification. Dancom Pakistan (Pvt.) Limited has provided the accurate and true information that is almost matching with PTCL records in term of number of minutes.*
6. *IN view of the above, Dancom Pakistan (Pvt.) Limited pleads that it has provided correct information to the Authority. Moreover, this matter is presently subjudice and it is therefore requested that the Authority may kindly withdraw the Show Cause Notice.*

4. Evaluation of the reply by PTA Vigilance Cell and Commercial Affairs Division:

4.1. A careful evaluation of the reply could not satisfy us, hence, the licensee was required to appear before us to extend it the opportunity of hearing.

5. Decision on writ petition filed by the licensee:

5.1. Upon issuance of hearing notice for 20th October, 2006 by the Authority pursuant to aforesaid notice, the licensee approached Lahore High Court, Rawalpindi Bench, Rawalpindi through writ petition No.2765/2006 asking for a direction to the Authority not to adjudicate upon the matter regarding discrepancies in CDRs prepared by the licensee and PTCL and the matters connected thereto on the ground that the matter in dispute was pending adjudication before an arbitrator under the terms and conditions of interconnection agreement. The Honorable High Court disposed of the Writ Petition vide order dated 6th November, 2006 by directing the licensee to raise all its objections before the Authority (including the issue of jurisdiction).

6. Hearings by the Authority:

6.1. The matter was fixed for hearing on 24th January, 2007 which was adjourned at the request of the licensee dated 20th January, 2007 and was again fixed for hearing on 19th April, 2007. The licensee attended the hearing on 19th April, 2007 through its representatives namely Mr. Luqman Kamil, Chief Executive Officer, Brig (R) Muhammad Saleem, Brig (R) Ahmad-uz-Zaman and Mr. Zubair A Khurshid alongwith Mr. Mujtaba Sherazi, Advocate. At the very outset of the hearing, the licensee objected the jurisdiction of the Authority and took the plea that the matter is *subjudice* before the court of Mr. Zafar Iqbal Tara Civil Judge, Islamabad for appointment of Arbitrator under section 20 of the Arbitration Act, 1940 and as application for Arbitration has been accepted, therefore, the Authority should not take cognizance of the matter and let the Arbitrator decide the case. The Authority was

informed of the orders dated 6th November, 2006 passed by Lahore High Court, Rawalpindi Bench. The Authority after considering the aforesaid observations, the orders of the Hon'ble High Court and the technical nature of the issue, decided to proceed with the hearing.

6.2. The licensee reiterated the same facts as stated in its reply dated 20th September, 2006. The Authority also called immediately the representatives of PTCL namely Mr. Muhammad Jamil, Director PTCL and Mr. Muhammad Nasir, SA, PTCL for clarification on the issues. After hearing the detailed arguments and clarification from the licensee, PTA officers and representatives of PTCL, the Authority constituted a committee comprising technical people from Dancom, PTCL and PTA to investigate the matter and submit report/brief within 10 days, and the matter was adjourned.

6.3. The committee scrutinized the matter in all respects and reached to the conclusion, which was also shared with the licensee, that the licensee misused its calling card platform for concealing international traffic and that it had resorted to masking the A-party of the international calls and replacing them with the A-party of a nation-wide number. The licensee, however, submitted its detailed response to the report of the committee vide letter dated 11th June, 2007 and categorically rebutted and disputed the report of the committee terming it as "the unilateral report" and alleging that the members from PTCL are the persons who had wrongly billed the licensee's national calls as international calls and levied APC, and the other two members representing PTA are those officials who had initiated the allegation against the licensee, hence, having direct conflict of interests with the licensee. The Chairman of the Authority, on request of the licensee, also gave audience to the licensee and the committee and thereafter referred the matter to Ch. Muhammad Din, the then DG (Regulatory Affairs) PTA for his opinion. DG (Regulatory Affairs) after conducting meetings with the licensee, PTA team and representatives of PTCL analyzed the matter and reported his findings to the Authority on 6th December, 2007.

7. Last Hearing dated 18th March, 2008:

7.1. Therefore, prior issuing any enforcement order in the matter, the Authority fixed the matter for hearing on 18th March, 2008, but no one appeared on behalf of the licensee, however, representatives of PTCL namely Mr. Muhammad Jamil, Director PTCL and Mr. Muhammad Nasir, SM-IT, PTCL attended the hearing. During the hearing the Authority was informed that the hearing notice No.6-2 (Dancom) Vigilance/06/2070 dated 7th March, 2008 was served at two addresses of the licensee as available in the record and provided by the licensee for communication purposes at Islamabad and Rawalpindi, [(i) 3rd Floor, Willayat Shopping Centre, Near Chandni Chowk, Murree Road Rawalpindi, (ii) 2nd Floor, Block 4-A, Wisma Dancom, F-8 Markaz, Islamabad] but were received back unserved with remarks "office shifted". In addition, Mr. Muhammad Luqman kamil, CEO of the licensee was also contacted over phone for confirmation of the address who simply refused to communicate any address and informed that he had resigned from the company. All these facts exhibited that the licensee had shifted its offices without informing the Authority pursuant to license condition 12.3 and regulation 46 of the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006. Therefore, the Authority had no option but to decide the matter *ex-parte*, on the basis of available record.

8. Findings of the Authority:

8.1. Record reveals that the licensee while discharging its obligations under rule 12 of AP Rules and regulation 11 of AP Regulations by submitting reports for the months of January and February, 2006 concealed **2,654,292** incoming international telephony minutes. The summary of reconciliation is given below:

Operator	Minutes Calculated from Dancom (CDR)	Minutes Calculated from PTCL (CDR)	Difference
Instaphone	76,476	129,083	52,607
NTC	19,350	26,636	7,286
PTCL	3,732,420	5,131,712	1,399,292
SCO	137,596	144,867	7,271
Telenor	155,527	176,615	21,088
Ufone	461,917	533,924	72,007
Warid	177,024	203,078	26,054
Other	85,317	215,082	129,765
Total	6,504,922	7,060,494	1,715,370

Table1.0 Reconciliation for January 2006

Operator	Minutes Calculated from Dancom (CDR)	Minutes Calculated from PTCL (CDR)	Difference
Instaphone	58,573	65,690	7,117
NTC	17,913	22,622	4,709
PTCL	2,425,612	3,184,957	759,345
SCO	95,986	102,320	6,334
Telenor	107,209	121,054	13,845
Ufone	364,077	411,658	47,581
Warid	144,106	160,662	16,556
Other	78,088	156,916	78,828
Total	4,495,218	4,666,900	934,315

Table2.0 Reconciliation for February 2006

- 8.2. The behavior of the licensee remained dubious during the process of reconciliation. Interim inspection of the licensee's Call Detail Record was carried out on 7th March 2006, but the licensee unnecessarily delayed the submission of its CDRs. Furthermore, the CDRs supplied by it also lacked data for six days, (last three days of February, 2006 and first three days of March, 2006) which was provided later on. This fact was also admitted by the licensee.
- 8.3. The Committee obtained CDR data from the licensee and PTCL. To prove authenticity of the supplied CDRs, PTCL also supplied raw (machine readable) form of its CDRs as well as a-leg CDRs, however, the licensee didn't supplied the raw form of its CDRs claiming that its system didnot produce the raw form of CDRs.
- 8.4. The licensee was given the opportunity to provide matching of PTCL a-leg and b-leg (international incoming) CDRs. For this purpose relevant PTCL CDRs were handed over to the licensee for performing processing at its own end. On multiple occasions the licensee provided the matching of PTCL CDRs. However, during the evaluation the matching

produced major flaws. The licensee admitted the flaws and demanded more time, which was granted, but the licensee remained unable to provide the required matching.

8.5. To settle the controversy of the Category field both the licensee and PTCL were given ample opportunity to provide substantial evidence to validate their claim. In this regard PTCL and the licensee/Dancom presented technical experts in front of the Committee. The licensee's technical expert asserted that the field 'Category' being used by PTCL is not an ITU-T recommended field for detecting an international call. However, there was unanimous view from both sides that the field Forward Call Indicator (FCI) can indicate an international or nationwide call. Technical expert from PTCL vendor Siemens also met the Committee. He explained that the field 'Category' in Siemens exchanges is derived from the standard fields 'Calling party category' and 'Forward call indicator'. Nokia Siemens also provided an undertaking asserting the same. Given the global authenticity of Nokia Siemens and the licensee's own endorsement of the FCI field there was no doubt left in the authenticity of the 'Category' field to detect international calls.

8.6. Analysis of the licensee/ Dancom's CDRs also produced major abnormalities, which showed that the licensee had used its calling card platform to mask international calls as nationwide. Following abnormalities were detected after analysis:

- i. Abnormal number of users against a single calling card
- ii. Abnormal usage of calling cards- a single calling card being used from multiple remote cities within few minutes
- iii. Invalid calling numbers

Calling Card	Number of distinct phones
46541418	196
31652277	128
46543687	128
37056384	126
46435791	126
42331169	123
44369842	121
44372844	117
44663404	110

Table 3.0 Brief description of a single calling card used by different PTCL numbers

The mechanism of masking is explained in the following diagramme:

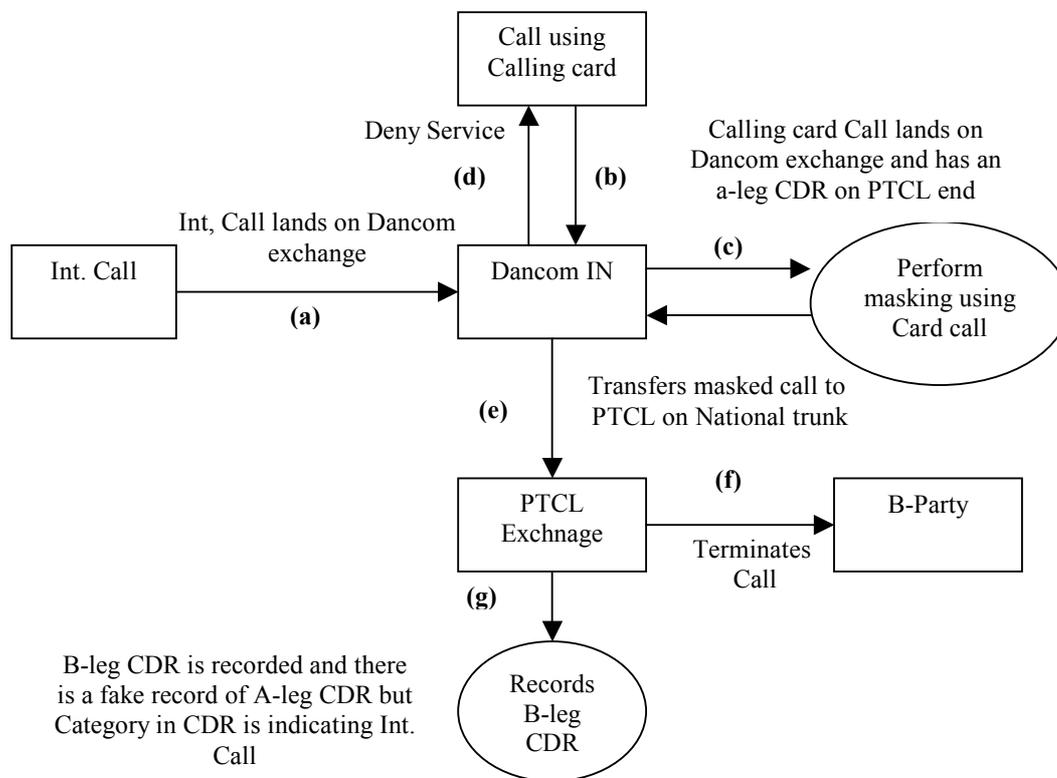


Figure 1.0 Usage of calling card platform for masking international traffic

8.7. The licensee's data contained in (i) CDR for months (January-February 2006) and (ii) CDR for the missing six (6) days as provided by the licensee exhibited that one CDR listed calls duration in minutes while the other in seconds, whereas the licensee earlier claimed that its switch was only capable of producing CDR for international calls listing duration in minutes. It means that one of these CDR is not original and has been provided after post processing;

8.8. The licensee's claim of negligible difference between it and PTCL CDR is not a valid. It has considered traffic terminated on PTCL National Trunk as nationwide but PTCL has detected bulk of that traffic as International on the basis of international flags in the CDR. These international calls on National Trunks for January and February 2006 are 1,591,047 & 795,799 minutes, respectively. Furthermore, the statistics provided by the licensee for International Trunks are also inaccurate and a discrepancy of around half a million minutes is evidenced in its CDR;

8.9. The licensee's claim that enough opportunity was not provided to explain its position was not correct. It took about approximately six weeks to respond on the anomalies being pointed out to it in Zonal office of the Authority at Rawalpindi on 12th April 2006;

9. Order of the Authority:

9.1. We perused record and deeply evaluated and examined the investigation and analysis reports and reached at the conclusion that the licensee had concealed the incoming international telephony minutes from the Authority by misusing its calling card platform and by using the masking techniques

which are contrary to rule 13 of AP Rules and condition 6.12 of the license, hence, resulted in reporting of less minutes which are contrary to reporting requirements under rule 12 of AP Rules and regulation 11 of AP Regulations.

9.3. Besides the foregoing contravention, the licensee further contravened terms and conditions of the license by not appearing today before us for the instant hearing.

9.4. Keeping in view the aforesaid, the license No.LDI-05 (01)-2004 dated 3rd April, 2004 awarded to the licensee/ M/s. Dancom Pakistan (Pvt) Limited, is hereby SUSPENDED with immediate effect. However, subject to provision of accurate requisite information and an undertaking to the effect that it will not involve in such illegal practices in future and also by discharging its financial obligation in accordance with AP Rules and AP Regulations, to the satisfaction of the Authority, the license may be restored.

9.5. However, if the licensee failed to fulfill the requirements contained in Para 9.4 above within sixty (60) days of the issuance of this order, proceedings for termination of the license shall be initiated forthwith.

(S. Nasrul Karim Ghaznavi)
Member (Finance)

(Dr. Muhammad Yaseen)
Member (Technical)

This order is signed on 3rd day of April 2008 and comprises 08 pages.