



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS. F-5/1 ISLAMABAD
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**Enforcement order under sub-section 3 of section 23 of the Pakistan
Telecommunication (Re-organization) Act. 1996 against Redtone
Telecommunication Pakistan (Pvt)Ltd**

File No. 2-9(Vigilance)PTA/10

Date of Issuance of SCN: 1st March, 2010
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 23rd April, 2010

The Authority Present:

Dr. Mohammed Yaseen: Chairman. Member
S. Nasrul Karim Ghaznavi: (Finance) Member
Dr. Khawar Siddique Khokhar: (Technical)

The Issue:

"Mis-match of CDR for the month of October,
2009/Concealment of the actual number of the minutes of the
International Incoming Traffic"

Decision of the Authority

1. Brief Background:

- 1.1 The CDRs of the international incoming traffic submitted by M/s Redtone Telecommunication (Pvt.) Ltd., an LDI licensee of the Authority (the "licensee"), for the month of October, 2009 was when matched with the CDR of one of its interconnect partners (access providers), it was found that in the licensee's CDRs for the said month a total of 1,551,366 minutes terminated on mobile network were missing.

2. Relevant Provisions of the Rules and Licence Clauses:

- 2.1 Clause (a) of sub-rule (1) of rule 12 of the Access Promotion Rules, 2004 (the "Rules") provides that an LDI licensee shall report to the

Authority on monthly basis the total number of minutes of incoming international telephony service that is carried by that LDI licensee and delivered to the telecommunication system of each LL licensee and mobile licensee by country of origin.

2.2 Under sub-rule 4(a) of rule 12 of the Rules the Pakistan Telecommunication Authority (the "Authority") may, by notice to a licensee, require it to, provide such additional information as the Authority may request in respect of international telephony services or its agreements or arrangements with corresponding operators.

2.3 Clause 6.4.1 read with clause 6.3.1 of the licence obliges the licensee to furnish and provide such information to the Authority as the Authority may request regarding the licensee's network plan, network and terminal standards, links utilized, financial information, costs and accounts or any such other information as the Authority may from time to time require in connection with its responsibilities.

2.4 Under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 (the "Act"), where a licensee contravenes the Act, the Rules frames thereunder or the terms and conditions of the licence, the Authority may require the licensee to show cause for the above contraventions and in case of its failure either to reply to the show cause notice or to satisfy the Authority on the contraventions so made, the Authority may levy a fine of rupees three hundred and fifty million and/or to suspend or terminate the licence by issuance of an enforcement order under the above section.

3. The Show Cause Notice and its Reply:

3.1 Since submitting of incorrect CDRs by the licensee was in violation and contravention of the provisions referred to above, section 23 of the Act was invoked and the licensee was issued a Show Cause Notice (SCN) on 1st March, 2010.

3.2 In its response to the SCN, dated 15th March, 2010, the licensee denied the allegation and submitted that as per its interconnect agreement with Mobilink, monthly settlement was completed without any dispute for the month of October, 2009 and that on the Authority's call, the matter of incorrect CDR for the month of October, 2009 was investigated by expert technical team at all co-locations and even the Authority's team inspected and checked the record/software and no abnormality was found.

3.3 The licensee was required to appear before the Authority for personal hearing, firstly, on 21st April, 2010 and then finally on 23rd April, 2010.

4. The Licensee Argues:

4.1 The licensee, which appeared through Mr. Tariq Javed Qureshi, GM, Regulatory Affairs, Mr. Naeem Abbas, Manager, Operations and Mr. Mansoor Ali Khan, Manager, Technical/Regulatory Affairs, argued that the difference in the CDR is not intentional but because of some routing technical flaw. From February, 2009

to October, 2009 code based authentication was applied with Mobilink instead of IP based authentication and that the minutes shown in the SCN are less than one day traffic of the licensee of a single operator. Therefore, question of intentional concealment does not arise, had there been any intention to conceal the traffic for saving APC for USF, the company would have never concealed such a small number of minutes but much more than the number given in the SCN.

4.2 The licensee further submitted that except for the CDRs of Mobilink where there was a technical problem, its CDRs with rest of the operators may be examined and there would be no discrepancy.

4.3 To the contrary, Director (Vigilance), PTA, pointed out that previously also such discrepancies were found in the licensee's CDRs and the licensee was warned many times, in this regard. He further pointed out that in a meeting held in August, 2009 the licensee had committed that if in future any difference of minutes in its CDRs with that of its access providers is found out, any punishment which the Authority may desire may be imposed on it.

5. Findings of the Authority:

5.1 As it is not the first time that the licensee's CDRs could not match the CDRs of its interconnect partner/access provider and that the licensee has been reminding many a times for remaining careful in future, the contravention committed which is the subject-matter of the SCN can not be taken leniently.

5.2 The licensee is making an attempt to conceal its traffic from the Authority for the obvious benefit of paying less APC for USF, in sheer disregard to the Act, the Rules and the terms and conditions of the licence.

5.3 The licensee admitted that if the Authority had not taken notice of the less reporting of the minutes of the international incoming traffic on mobile network, the contravention would never have been taken notice of by the licensee itself and the exchequer would have been deprived of the amount due on account of APC for USF for the actual minutes of its international incoming traffic.

5.4 As said above, the licensee is not the first offender, it has been given the reminders for a couple of times to be careful in reporting the total minutes of its international incoming traffic and that it is also not the first time that the licensee is making some technical flaw responsible for the said commission. The contravention so made, we understand, is sever in nature and can not be taken leniently.

5.5 By concealing the above number of minutes, the licensee has infact deprived the Universal Service Fund from an amount of Rs.5,802,109/-.

6. Decision of the Authority:

- 6.1 For the above reasons, the licence No.LDI-06(02)-2004 dated 16th August, 2004, issued to the licensee is SUSPENDID with immediate effect till further orders of the Authority.
- 6.2 The company is also directed to deposit the amount shown in para 5.5, above, with late payment charges within seven days of the issuance of this order, otherwise, the same shall be recovered under section 30 of the Act.

S.Nasrul Karim A. Ghazanvi
Member (Finance)

Dr. Mohammed Yaseen
Member (Technical)

Dr. Mohammed Yaseen
Chairman

This determination signed on 23-04-2010 and comprises 04 pages.