

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In The Matter Of Telemarketing Rulemaking -

FTC File No. R411001

**COMMENTS OF AEGIS COMMUNICATIONS
GROUP ON THE PROPOSED REVISIONS TO THE
TELEMARKETING SALES RULE**

INTRODUCTION

Aegis Communications Group is a Texas-based company that provides inbound and outbound call center services among other service offerings. We operate 13 call centers located throughout the continental U.S. (CA, AZ, MO, IN, TX, WV, GA, NC, and FL). Across these sites we employ over 6000 full-time representatives, approximately 40% of which are engaged in some form of telemarketing. With few exceptions, the cities where we have chosen to locate our sites are communities with high unemployment rates and minimal options for employment. In many cases we represent the first or second largest employer in the local community. We take this responsibility seriously and work closely with the local community to be a good corporate citizen, participating in local Chamber of Commerce, educational and charity efforts. Aegis also understands the need to be a strong supporter of ethical practices within our industry and belong to both the Direct Marketing Association and American Teleservices Association. As members of these industry associations, we actively seek means to make our consumer contacts on behalf out clients secure, private and within all legislative regulations. As active participants in our industry and our communities, we are writing to offer comments concerning the proposed revisions to the Telemarketing Sales Rule.

Aegis supports the recent efforts of the FTC to investigate and eliminate fraud in the industry. We actively support the Telemarketing Sales Rule in our business practices today. We, however, have concerns regarding the revisions proposed by the Commission in this proceeding. Many of the proposed changes create additional cost factors that must be absorbed by the company making the telemarketing efforts, while providing minimal

benefit to the consumer. Effective tools and regulations are currently in place that address many of the concerns prompting the proposed changes. Further restrictions could effectively eliminate telemarketing efforts. The loss of the telemarketing efforts means termination of employees and the accompanying economic effect of employed people in addition to causing decreases in revenues to not only service agencies such as Aegis but to the clients who employ us which also ultimately impacts employment figures and tax basis.

We acknowledge that there may be unethical companies and individuals within the marketplace that create the environment whereby the FTC seeks to provide even greater protection of the consumer. However, it is unlikely these steps will change the behavior of those not in compliance with existing regulations and may adversely impact those who have been positive providers of information and services to the consumer out of the marketplace.

We have addressed below those proposed changes with which we find exception. We ask that you take this into consideration as you evaluate a final disposition of these steps.

(1) **Creation of a National Do-Not-Call Registry:**

- A.) Current legislation provides the means for consumers to request that their names be removed from telemarketing lists. This allows the consumer to make this choice as opportunities present themselves; thereby, not removing the consumers choice beforehand. By enacting the proposed legislation, the consumer would proactively need to list a company in advance in order to be presented offers for services or products. Such a regulation could effectively limit competition for services where the consumer is unaware of possible competitors and more attractive pricing for services or products they currently make use of, or eliminate the introduction of new products and services the consumer may not even be aware are available in the marketplace.

This requirement would also place a demand upon the FTC or designated agent to maintain a sophisticated tracking database and easy access for consumer to make changes in a expedient manner when they do become aware of a company they may wish to do business with.

- B.) There exists today a global Do Not Call list, as well as a Do Not Mail list and a Do Not email list, which are provided by the Direct Marketing Association. This process works well and provides a central point of contact for consumers to have their questions addressed. Federal assistance in advertising this resource to the consumers could

be an effective alternative to expenditures on new technology and processes.

- C.) Implementation of an “opt in” requirement only for outbound telemarketing efforts will succeed in limiting the number of solicitations by telephone made to the consumer. It will also result in a downturn of revenue both for companies like Aegis, but for our clients as this source of sales is significantly reduced. For a typical list of 100,000 consumer records submitted for outbound dialing today, 1 to 3% will be removed after overlaying the DMA and state Do Not Call lists. One could reasonably assume the ratio would be reversed should the consumer be required to proactively provide permission to be contacted by phone. Very few individuals would be eligible for outbound contacts.

The resulting downturn would result in the elimination of jobs from call center operations. Keeping in mind that 40% of our existing work is telemarketing related, upward to the same number of positions could be eliminated from the Aegis workforce. Again, given the size of the employment we provide in the communities where we are located, this could be a devastating impact on the local community.

(2) **Definition of Outbound Call**

- A.) Aegis works closely with several client relationships where a call is transferred to us after the originating customer service group determines the consumer has an interest in additional products or services that may be offered by a partner relationship. While these calls are “sales” calls in nature, they should not be classified as outbound calls simply as a result of their sales component. Many of these calls entail multiple product offers. While Aegis agrees and understands that there may be parties taking unfair advantage of the consumer, current legislation and industry practices do require full disclosure before any sale is completed.

Pushing disclosure into a multi-layered effort throughout the script, will lengthen the call, force the consumer to listen to repetitive information whether they wish to or not and create the need to record the entire call transaction (after obtaining appropriate approvals). Industry practices today entail recording of sales disclosures and verification of the recording against the sales data by an individual other than the sales agent. This eliminated misrepresentation and provides accountability. This is efficiently managed when the

disclosures are grouped at the end of the call and the consumer agreement can be obtained on each point.

Lengthening the call and requiring multiple disclosures could add as much as 5% to the cost impacts to any sales transaction. These additional costs could lead to a business decision to eliminate telemarketing efforts by reputable companies who cannot absorb the increased costs. Such a decision would not only create a negative impact of employment but also limit the choices presented to consumers.

Given that the conversion rates for consumers accepting these offers range in the 25-30% range, this would negatively impact those individuals who have benefited from the relationship with a company or products and services they might otherwise never known existed.

(3) **Payment Issues**

- A.) When determining what constituted “express verifiable authorization” under the original rule, the Commission noted three distinct methods for obtaining this authorization using demand drafts. The reasoning at the time was that consumers were not used to these novel payment methods and needed additional disclosures so that they understood that they were being charged for goods or services. Why then are other “new” or “novel” payment methods being treated with a higher standard of scrutiny. As long as the consumer has a clear understanding that they will be billed for a product or service, and that they will be billed to a particular credit card, debit card, bank account, utility bill, etc, the transaction should be valid and enforceable. There is nothing inherently fraudulent, abusive or problematic with the written confirmation prior to submission method of obtaining such authorization, and this method should be retained in the Rule.

(4) **Predictive Dialers**

- A.) Predictive dialing systems were developed to create a more efficient means of contacting consumers and have become sophisticated tools that provide many safeguards for the consumer. Automated restrictions can be developed to ensure compliance with hours of calling, scripting tools allow specific state restrictions regarding rebuttals to be maintained and the cost of a contact (thereby benefiting the overall revenue value fueling the economy) can be managed.

In coordination with our clients, we today ensure that consumers are at a minimal inconvenience as the result of predictive dialing. As we do deliver caller id, we are acutely aware that we never want to be in the position of connecting with a consumer without an available agent to handle the call. Predictive dialers are fully capable of being managed to an abandon rate of less than 3%. To reduce this a situation where no call can ever be abandoned will effectively eliminate predictive dialers from the equation. While this will not eliminate the desire to conduct outbound telemarketing, it will increase the cost of this sales channel, which inevitably will result in higher costs to consumers as the prices of products and services are increased to cover the cost.

Aegis is proud of the new web-enabled services and traditional customer service teams we provide our clients and their customers. Equally we take pride in the long history we have in the outbound and inbound telemarketing arenas. We know that handled with the integrity as exemplified by our industry associations (the DMA and the ATA), these contacts can be a positive experience for the consumers. We hope that the FTC will take these items into consideration as they decide on whether additional revisions to the TSR are required at this time.

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