

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

In The Matter Of Telemarketing Rulemaking -

FTC File No. R411001

**COMMENTS OF TELE-RESPONSE CENTER
INCCORPORATED ON THE PROPOSED
REVISIONS TO THE TELEMARKETING SALES
RULE**

INTRODUCTION

I am Stuart Discount, President of Tele-Response Center (TRC) a company whose corporate offices are located in Philadelphia PA. TRC operates telemarketing call centers in Philadelphia and two locations in West Virginia. TRC a company who has over 700 employees in those locations conducts outbound telemarketing campaigns for both not for profit organizations as well as commercial entities. Our company raises much needed funds for many prominent not for profits such as Special Olympics and others. In addition we also help sell products for marketers who have products that are used by all consumers. I am writing to offer my comments concerning the proposed revisions to the Telemarketing Sales Rule.

I support the recent efforts of the FTC to investigate and eliminate fraud in the industry and support the Telemarketing Sales Rule as drafted. However, we cannot support the revisions proposed by the Commission in this proceeding. The proposed revisions place many burdensome restrictions on the thousands of companies like ours that have ethically used the telephone as a legitimate sales and marketing tool. For the reasons set forth below, I am concerned that the FTC's attempts will do nothing to curtail the abusive and deceptive telemarketing practices of a few bad actors, but will penalize the business practices of reputable companies and will have a disastrous impact on our company's ability to continue to conduct ethical and legal telemarketing programs.

As the owner of TRC I have invested many of my financial resources to make TRC the company it is. I have taken substantial risk to be a business owner and my efforts help support over 700 families. My business is a vital part of both my local economy and the success of my clients. It is a fact that millions of transactions each year are produced by telemarketing calls. They far exceed the amounts of complaints and inquiries that the FTC receives on this issue. To place restrictions on an industry that employs over 5 million Americans will be disastrous to the economy and affect individual Americans who need these jobs to support their families. Most of the revisions in the FTC proposed changes would reduce the amount of hours that companies like mine would spend on these projects. That would mean a significant loss of jobs in the US.

In particular, I oppose the following provisions proposed by the FTC:

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

- A.) Federal law already provides an easy and efficient means for consumers to remove their names from telemarketers Do-Not-Call lists. But in contrast to the proposed FTC registry, the existing DNC system empowers consumers to make their own decisions. Consumers and consumers alone are given the authority to determine which calls they will accept and which they will block. While the FTC contends that it will offer consumers a similar program through the ability to list companies they will accept calls from, that is clearly an unrealistic option that will cost the FTC too much money to operate.
- B.) The industry has also attempted to provide consumers with a one-stop service to remove their names from all calling lists. The DMA's Telephone Preference Service offers consumers an easy, free, nationwide Do-Not-Call system that has already been created and will not require additional money to be expended by the FTC.
- C.) The states have already moved to address any perceived loopholes in the existing Do-Not-Call framework. There are more than 20 States who have DNC lists and more are being added as we speak. The states, which are in the best position to offer solutions to the concerns raised by their citizens, have looked at this situation and acted in a way that is appropriate for their constituents. The FTC's list is another waste of taxpayer money to provide a service that is already offered to more than 60% of American citizens.
- D.) The impact of such a list would have a disastrous effect on the number of people that I employ. Our company/business exists because consumers use telemarketing. While many may complain about the

business of telemarketing, there is no denying the numbers generated. I follow the appropriate state and federal laws, I honor consumer do-not-call requests and I had sales in excess of \$ 8 million last year. If the national DNC registry is established it is likely that I will see as many as 400 employees laid off.

(2) **Use of Preacquired Account Information**

- A.) There is nothing inherently fraudulent or deceptive about the use of preacquired account information in any sales and marketing programs, much less telemarketing. It is a widely used practice that provides consumers with easy access to goods and services. While there are certainly instances where it can be misused, those potential problems do not support a rule that prohibits the use of such information. As long as a marketer has obtained the express consent of a consumer to use the same information, the practice should be considered legal and ethical. We support the guidelines established by the ERA for the use of preacquired account information.

(3) **Charitable Solicitations**

- A.) The Commission should not treat calls made on behalf of charitable organizations the same as calls made for a commercial purpose. Many not for profit organizations rely on telemarketing campaigns to meet their missions. Most of these organizations use telemarketing vendors rather than have expensive in house telemarketing call centers.
- B.) The proposed FTC changes differentiate not for profits that use outside vendors. This is unfair to both the vendors and the not for profits. The employees of a not for profit have more vital functions and different expertise than to manage a successful call center.
- C.) Most consumers through studies do not regard calls on behalf of not for profits the same as calls from a commercial marketer. The American people are a very generous population and respond in great numbers to telemarketing appeals for not for profits. There is a difference when selling a product versus asking for a donation.
- D.) With the President asking all Americans to be more charitable it is contradictory to not exempt not for profits and their telemarketing vendors from a National DNC or other FTC proposed changes.

(7) Predictive Dialers

- A.) Predictive dialing devices are used by many telemarketing companies and make operation of such businesses much more cost effective by increasing productivity. Increased efficiency in marketing products and services over the phone through the use of predictive dialers helps to reduce costs and ultimately saves consumers money. Any regulation that would render this technology unusable would result in significant, perhaps unacceptable, cost increases to business and, ultimately, the consumer.
- B.) The limited use of predictive dialers would not allow firms to make calls during off peak times. Those times such as daytime calling would be unprofitable because of connection rates with consumers. The loss of those hours would necessitate large layoffs for my employees. The daytime hours TRC runs are filled with housewives and students looking to earn extra money for their households.

I certainly respect the time the Commission has invested in studying these issues and its commitment to continue modifying these proposals. We urge the Commission to look at the overall negative impact that these proposals will have on jobs, our community and the economy as a whole. I would welcome an invitation to attend the workshop the FTC will conduct in June. Thank you for your consideration and we would be happy to assist the Commission in the future.

Stuart Discount
President
March 26, 2002