

June 27, 2002

Garret G. Rasmussen  
(202) 457-6343

Office of the Secretary  
Federal Trade Commission  
Room 159  
6th & Pennsylvania Ave., N.W.  
Washington, D.C. 20580

Re: Telemarketing Sales Rule – Comment: FTC File No. R411001

Dear Mr. Clark:

On behalf of Federated Department Stores Inc. (“Federated”), we submit these comments regarding the need for an exemption for pre-existing customers from the proposed Telemarketing Sales Rule. We understand from Associate Director Eileen Harrington’s remarks at the forum on June 6, that comments directed to the proposed rule are still timely if filed by today.

Federated is one of the nation’s leading department store retailers. Federated operates 461 stores in 34 states, Guam and Puerto Rico under the names of Bloomingdales, The Bon Marché, Burdines, Goldsmith’s, Lazarus, Macy’s and Rich’s.

Federated concurs in the comments submitted by the National Retail Federation (“NRF”) requesting an exemption for existing customers. Such an exemption is so important to Federated and its customers that Federated is filing these additional comments, providing specific factual information supporting the need for an exemption.

Bloomingdales provides a good example of Federated’s use of telephone calls to keep in touch with its customers. Bloomingdales makes approximately 3 million calls each year to existing customers. These calls include notification of new shipments of merchandise, reminders to replenish a purchase previously made, and, most frequently, to notify customers regarding an upcoming sales event. There have been very few complaints about these calls and only one-tenth of one percent of the people called have requested not to be called again. This low rate reflects the high priority that Federated gives to preserving the goodwill of its existing customers.

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Overall, Federated has experienced a very high response rate to its telephone solicitations. Last year, for example, its credit marketing group experienced a response rate of 24.7%. That number alone demonstrates that Federated's customers find the calls to be helpful.

These calls are not only helpful to consumers, but they also contribute to Federated's ability to provide the highest level of service to its customers. Indeed, as a result of such calls, Bloomingdales' sales have increased by approximately \$10 million per year.

In sum, Federated's experience with telephone solicitations of its customers has been a win-win situation. We thus urge the FTC not to subject Federated to unnecessary and costly regulation.

To the extent that the FTC does not adopt an across the board exemption for existing customers of all entities that use the telephone to remain in contact with their customers, the FTC should at least adopt a limited exemption covering companies like Federated that have one or more of the following characteristics:

- Permanent retail locations,
- More sales at retail locations than over the telephone,
- Ownership or close affiliation with a regulated banking institution from which credit cards are issued.

Although these comments are brief, the issue we address is important, and we urge you not to overlook it. If you have any questions or need additional information, please let me know.

Sincerely,

Garret G. Rasmussen