

**PREPARED STATEMENT OF  
THE FEDERAL TRADE COMMISSION ON  
  
THE DO NOT CALL AMENDMENTS TO THE**

**January 8, 2003**

Mr. Chairman, I am Timothy J. Muris, Chairman of the Federal Trade Commission.<sup>(1)</sup> I am pleased to appear today, on behalf of the Commission, to provide the Committee with information about our recently-announced amendments to the Telemarketing Sales Rule ("TSR" or "Rule"). In particular, you have asked about our request for authority to collect fees to offset the costs of implementing the "do-not-call" amendments to the TSR. Our testimony provides an overview of the TSR amendment process, discussion of the do-not-call provisions, and an examination of the funding request. The do-not-call registry is an important aspect of the Commission's ongoing efforts to protect consumers' privacy, and we look forward to working with this Committee to ensure its implementation in fiscal year 2003.

**I. The TSR Review**

The FTC promulgated the do

On February 28, 2000, the Commission published a second notice in the Federal Register, broadening the scope of its inquiry to encompass the effectiveness of all the TSR's provisions.<sup>(10)</sup> This notice invited comments on the TSR as a whole.<sup>(11)</sup>





the Telemarketing Sales Rule, 16 C.F.R. Part 310, promulgated under the Telephone Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), estimated at \$16,000,000." It is important to emphasize that this figure is only an estimate of the implementation and enforcement costs. This is largely because the most substantial component - developing and operating the do-not-call registry - is part of an ongoing procurement process. In addition, we anticipate that there may be numerous, difficult-to-

8. 64 Fed. Reg. 66124 (Nov. 24, 1999).

9. The transcript of the "Do-Not-Call Forum" is available on the FTC's website at the following address:  
<http://www.ftc.gov/bcp/rulemaking/tsr/dncforum/index.html>.

10. 65 Fed. Reg. 10428 (Feb. 28, 2000).

11. The notice also announced a second public forum to be held on July 27 and 28, 2000 to discuss provisions of the TSR other than the do-not-call requirement. The transcript for the second TSR Forum is located on the FTC's website at the following address:  
<http://www.ftc.gov/bcp/rulemaking/tsr/tsragenda/index.htm>.

12. These public comments may be found on the FTC's website at the following address:  
<http://www.ftc.gov/bcp/rulemaking/tsr/comments/index.html>.

13. *The Know Your Caller Act of 1999 and the Telemarketing Victim Protection Act of 1999: Hearing on H.R. 3100 and H.R. 3180 Before the Subcomm. on Telecommunications, Trade, and Consumer Protection of the House Comm. on Commerce, 106<sup>th</sup> Cong 26-34 (2000)*(statement of Eileen Harrington, Associate Director for Marketing Practices, Federal Trade Commission).

14. *Id.* at 1 (statement of Rep. Tauzin, Chairman, Subcomm. on Telecommunications, Trade, and Consumer Protection of the House Comm. on Commerce).

15. The testimony may be found on the FTC's website at the following address: <http://www.ftc.gov/os/2001/11/muris011107.htm>.

16. 67 Fed. Reg. 4492 (Jan. 30, 2002).

17. These comments may be found on the FTC's website at the following address: <http://www.ftc.gov/bcp/rulemaking/tsr/tsr-review.htm>.

18. Apart from the national do-not-call registry, the Commission adopted other amendments to give consumers better tools to stop unwanted calls. Within one year, telemarketers will be required to transmit caller i.d. information so consumers can know who has called them. Consumers' comments reflect their strong desire to have this information, which is analagous to a return address on postal mail. This information also will enable consumers to file meaningful complaints against telemarketers who call them in violation of the TSR. Another amendment regulates telemarketers' use of predictive dialer software. During the rule review, consumers complained of disconnected telemarketing calls, which are generated by predictive dialers set to cause excessive call abandonment. Under the amended rule, telemarketers may use predictive dialers *only* if they set the abandonment rate at 3 percent or less, and, within two seconds of the consumer's answering the call, play a message identifying the caller. This package of amendments addresses the most intrusive practices identified during our rule review and amendment proceeding. The amended rule may be viewed at the following address:  
<http://www.ftc.gov/os/2002/12/tsrfrn.pdf>.

19. "At this time, the Commission does not intend the Rule provisions establishing a national 'do-not-call' registry to preempt state 'do-not-call' laws. Rather, the Commission's intent is to work with those states that have enacted 'do-not-call' registry laws, as well as with the FCC, to articulate requirements and procedures during what it anticipates will be a relatively short transition period leading to one harmonized 'do-not-call' registry system and a single set of compliance obligations." (1581 (o)6(s)178(pt)8(a)7(h)-1(oa)15(r)-abisal regi-490t

26. *Id.* at § 310.4(b)(1)(iii)(B)(i).