

Federal Do-Not-Call Registry

Recently, pursuant to its broad authority under the Telephone Consumer Protection Act (TCPA), the FCC established a national Do-Not-Call Registry. The registry is nationwide in scope, applies to all telemarketers (with the exception of certain non-profit organizations), and covers both interstate and intrastate telemarketing calls.

Telemarketers are not allowed to call you if your number is on the registry. As a result, consumers can, if they choose, reduce the number of unwanted phone calls to their homes by registering their telephone numbers. The federal Do-Not-Call registry will be effective October 1, 2003.

While we believe strongly that IBOs are not typically considered telemarketers and that regulations should not apply to direct selling activities, the new rules unfortunately do restrict how you can use your phone to build your business. As a result, we have created this Q&A document on the subject to help clarify the rules.

Q: I have heard that there is a new federal "do-not-call" list. Is this true?

A: Yes. The newly created National Do-Not-Call Registry allows consumers to place their residential phone numbers on a list to prohibit certain calls being made to their homes. In addition, new federal rules restricting telephone solicitation activities have been adopted.

Q: Do these new restrictions apply to me?

A: While we believe strongly that IBOs are not typically considered telemarketers and that regulations should not apply to direct selling activities, the new rules unfortunately do restrict how you can use your phone to build your business.

Q: What calls are covered?

A: Basically, most calls made with the purpose of encouraging the purchase, rental or investment in products, goods, or services – with a few exceptions.

Q: I rely on the phone everyday to operate my business. Can I still make calls to my existing customers and downline to tell them about products and other matters?

A: Yes. As mentioned, you may still call an individual if you have an “established business relationship” even if their name is on the Do Not Call list. This rule recognizes that customer service and contact is an important part of any business. However, if a customer asks not to receive calls then you are prohibited from further calls, even with the presence of a personal relationship.

Q: What about recruiting and referral calls? Can I still use these to build my business?

A: Yes. However, you must first check the list to make sure the person is not listed. If they **are not** on the list, you may call them. If that person **is** listed, you may only call if one of the exemptions would apply.

Q: You mentioned that there are exceptions. What calls are not covered?

A: The restrictions do not cover calls from political organizations, charities, telephone surveyors, or companies with which a consumer has an existing business relationship.

Q: How does this “established business relationship” work?

A: If a consumer’s name is on the list, you may call him for up to 18 months after the last purchase, delivery or payment unless he asks you not to call again. In that case you must honor his request not to call.

Q: Are there any other exemptions from the regulation?

A: Yes. You may call individuals on the list with whom you have a **prior express invitation or permission** for three months. This invitation or permission must in writing and state that the consumer agrees to be contacted by this seller and includes the telephone number to which the calls may be placed. Once again, if the person makes a specific request not to call, you may no longer call them.

You may also call those who you have a **personal relationship**; such as any family member, friend or acquaintance. The regulations describe an acquaintance as a person with whom the caller knows personally and would expect a call from that person.

Q: How can I access the list to make sure I don’t call someone on the list?

A: There will be a fully automated and secure Web site at www.telemarketing.donotcall.gov to provide access to the registry’s database of telephone numbers. That Web site is scheduled to be available September 1, 2003.

Q: How much does it cost to access the registry?

A: You can check up to five area codes for free. Beyond that is an annual fee of \$25 per area code of data, with a maximum annual fee of \$7,375 for the entire U.S. database.

Q: What are the penalties for violating this regulation?

A: Violators may be subject to fines of up to \$11,000 per violation. A violation is one phone call to one person so this could add up to significant amounts of money.

Q: I know that some states also have restrictions on telephone calls and solicitations. Is this true?

A: Yes. While there are efforts to achieve a single national registry and standard, currently over half the States administer their own do not call lists. Most of these states intend to add their numbers on their registries to the National Do Not Call Registry. However, the new federal regulations **do not** eliminate the need to also follow any state laws. Therefore, you may also need to check with your individual state to determine what is required for compliance.

Q: Where can I get more information?

A: The best source of information about complying with the do not call restrictions is the Federal Trade Commissions (FTC) Web site at www.ftc.gov/donotcall. It includes information about the registry and includes access to specific rules and regulations. Both the FTC and Federal Communications Commission (FCC) regulate telemarketing practices. The FCC regulations may be found at: http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-03-153A1.pdf.