



© Copyright 2005 UPI
All Rights Reserved
June 16, 2005, Thursday, at 2:08PM EST

LENGTH: 753 words

HEADLINE: 'Do Not Call' list exposing fraud

BYLINE: Ray Pregeant

DATELINE: Washington, June 16

BODY:

In the nearly two years since its launch, the National Do Not Call Registry has aided federal agencies in curtailing telemarketing fraud in the United States through the use of consumer data.

The Federal Trade Commission reported taking legal action in six cases last year based on information contained in the DNC registry. In five of those cases the registry has aided significantly in exposing fraud and illegitimate telemarketing practices.

"The consumer complaints compiled as a result of the DNC registry (in collaboration with other enforcement agencies) brought about fraud investigations on a larger scale," Jennifer Schwartzman, a spokeswoman for the Federal Trade Commission, told United Press International.

According to FTC reports, the consumer-fraud cases dealt with companies calling numbers registered on the DNC registry in combination with charges ranging from misrepresentation of debt services to evading DNC-registry access fees.

Only one case has been enforced solely through violations of the Do Not Call rule.

Last August Braglia Marketing Group LLC in Las Vegas and its client, Flagship Resort Corporation and Atlantic Palace Development LLC, were charged by the FTC with placing more than 300,000 calls to registered numbers.

Braglia had been making the calls on its client's behalf.

The commission said both Atlantic Palace and Flagship Resort, two companies in Atlantic City, N.J., that sell timeshares of resort properties, were held responsible for the marketing group's conduct and were charged with making illegal calls of their own. They reached a settlement with the commission last February, in which both defendants agreed to pay \$500,000 in civil penalties.

The DNC registry, a list of telephone numbers created as a deterrent to telemarketing abuse, was launched jointly by the Federal Trade Commission and the Federal Communications Commission in June 2003. It currently holds more than 96 million do-not-call numbers in its database and has received more than 900,000 complaints about abusive telemarketing practices, Schwartzman said.

Despite the large number of complaints, the FTC has found most legitimate telemarketing businesses are complying with its do-not-call rules.

"The bulk of complaints have been against illegitimate companies," Schwartzman said. "Many are companies posing as non-profits to evade regulation. "

According to the FCC's Web site, calls not prohibited by the list include "calls for which you have given prior written permission, calls from organizations in which you have established a business relationship, calls which are not commercial or do not include unsolicited advertisements" and "calls by or on behalf of tax-exempt non-profit organizations."

Frank Gorman, an attorney with the firm Bryan Cave LLP in Washington who previously worked on the registry as a legal adviser to the director of the FTC 's Bureau of Consumer Protection, said the registry has been largely successful in its intent.

"The DNC is working," Gorman told UPI. "Surveys and anecdotal evidence have indicated it is stopping unwanted calls."

Schwartzman said surveys compiled by the FTC show "85 percent (of respondents) report having fewer calls (and) 20 percent report having no more calls at all."

Telemarketers are adapting to the changes imposed by the DNC registry, however, so a cottage industry of vendors has emerged dedicated to helping businesses with DNC compliance, according to Gorman.

"New technology has been, and continues to be, developed to help businesses monitor their effectiveness in stopping calls (that are registered)," he said.

One such software program, TeleBlock -- available through Call Compliance Inc. at callcompliance.com -- compares outbound calls to numbers located on federal, state, wireless or third-party DNC lists and automatically blocks calls to registered parties.

Glenn Gaudet, managing director of Guidance and Strategy for Growth, a marketing consulting group, said he thinks the DNC registry has caused many telemarketers to focus marketing through other channels.

"Direct mail is being used more," Gaudet told UPI. "Budgeting has also changed (and) companies are spending less on telemarketing and focusing more on one-to-one contacts and other venues."

He also said marketers are using more unsolicited e-mail spam.

"Do Not Spam laws are easier to deal with," Gaudet said. "You have a method by which a marketer can put an 'opt out' link in a (mass marketed) e-mail."

Ray Pregeant is an intern for UPI Science News. E-mail: sciencemail@upi.com.