UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In The Matter Of Telemarketing Rulemaking -

FTC File No. R411001

COMMENTS OF SYNERGY SOLUTIONS, INC., ON THE PROPOSED REVISIONS TO THE TELEMARKETING SALES RULE

INTRODUCTION

We are a company based in Phoenix, Arizona that operates outsourced telemarketing centers on behalf of large corporations. Synergy Solutions operates call centers in both urban and rural areas in the states of Arizona, Minnesota, and New York with approximately 700 total employees. Our work primarily involves calling existing customers of large corporations including major financial institutions, telecommunications companies, insurance companies and publishing companies. The purpose of our call is generally to offer additional products or services to a modeled list of customers or prospects. We do not receive personal data on these customers from our clients other than name and phone number and our telesales agents have no access to personal customer information. We do not accept payment during these transactions as the fees are billed directly to the customer on their existing credit card, phone bill or through a remittance sent to the customer. Our agents undergo employee background checks and extensive screening prior to be hired. Additionally, our agents participate in rigorous training that encompasses not only sales skills, but customer service skills, telephone etiquette, extensive product knowledge and a comprehensive review of all applicable laws and requirements at the Federal, state and industry specific level. Our agents are required to sign confidentiality agreements and are aware that they are subject to being monitored for quality assurance purposes at any time. Additionally, our agents understand that 100% of their sales are subject to a live verification process that is digitally recorded.

In our Arizona call center we operate within a large metropolitan urban area. We offer jobs to people who in many cases have limited employment options and we actively participate in the Welfare to Work programs. Many of our employees are students, single parents, senior citizens, and minorities. In our New York and Minnesota facilities we pull from less populated areas where unemployment is extremely high. In both of these states we were courted by local and state level economic development groups because we provide a large number of environmentally safe jobs, extensive training, above average wages, and a comprehensive benefits package. Additionally, we support local vendors and businesses in these communities which translate to a huge economic boost to otherwise depressed parts of the country.

Our company is committed to the ethical and lawful practice of telephone based marketing and supports all efforts to eliminate unscrupulous telemarketing. Synergy Solutions is comprised of honest, hard working, law abiding, tax-paying, voting, citizens who deserve the opportunity to continue to operate within the current guidelines of established law. However, I am quite concerned by the proposed revisions to the Telemarketing Sales Rule that could have an overwhelming negative effect on our ability to operate profitably, contribute to the communities in which we reside and most importantly, provide a source of ethical income to our employees.

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, I 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, we are 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.

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

(1) **<u>Creation of a National Do-Not-Call Registry</u>**:

A.) Federal law already provides an easy an 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 consumer's 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 state's have already moved to address any perceived loopholes in the existing Do-Not-Call framework. Now 20 states 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 we employ. Our company exists because consumers use telemarketing. While many may complain about the business of telemarketing, there is no denying the numbers generated. We follow the appropriate state and federal laws, we honor consumer do-not-call requests and we had sales in excess of $ 12,000,000 last year. If the national DNC registry is established it is likely that we could see as many as 450 employees laid off.

(2) **Blocking of Caller ID**

A.) While we support the concept of a prohibition on blocking Caller-Id, it must be clear that the prohibited practice is the deliberate manipulation of the caller-Id signal. As long as no overt actions are taken to disrupt the information, there is no violation. Many of the telecommunications circuits in place in call centers today do not have the functionality to allow the passing of Caller-ID. Many companies do not currently have the option to pass Caller-Id information as their circuits are not equipped to do this. If the law required all calls to pass this information, companies would need to replace all of their telecommunications circuits which would clearly present a crippling expense to small and mid-sized companies. Additionally, Teleservices companies have no control over the speed in which telecommunications companies could supply this service and our experience has shown that in some geographic regions, this could take several months. Consequently, we could be left in a situation where we are forced to incur significant costs in order to comply as well as finding ourselves at the mercy of our telecommunications providers and potentially being unable to operate our business legally while we waited for installations of new T-1 circuits.

(3) **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. If we could not use predictive dialers we would lose efficiency in dialing resulting in fewer sales would be made at a higher cost per sale for our clients. Our industry is already suffering from horrific margin compression as the result of many jobs being exported off-shore to countries such as India, Jamaica, The Philippines, Costa Rica, etc. Call Centers in these countries have access to labor for as little as $2 per hour and use this price advantage to steal market share from U.S. companies. Eliminating the use of predictive dialers would serve to make U.S. companies even less able to compete with these off-shore companies and will result in the exportation of thousands of U.S. jobs to these other countries. The result will not be fewer telemarketing calls into U.S. homes, but only the replacement of U.S employment options with off-shore telemarketing agents.

We 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. Thank you for your consideration and we would be happy to assist the Commission in the future.

Lori Fentem
President, Synergy Solutions, Inc.
March 21, 2002