

MEMO# 1452

October 5, 1989

STATE ACTIONS TO REGULATE TELEMARKETING ACTIVITIES

October 5, 1989 TO: DIRECT MARKETING COMMITTEE NO. 30-89 SHAREHOLDER COMMUNICATIONS COMMITTEE NO. 25-89 STATE LIAISON COMMITTEE NO. 16-89 UNIT INVESTMENT TRUST COMMITTEE NO. 68-89 CLOSED-END FUND MEMBERS NO. 48-89 CONTRACTUAL PLANS COMMITTEE NO. 3-89 RE: STATE ACTIONS TO REGULATE TELEMARKETING ACTIVITIES _____

It has come to the attention of the Institute that as a result of the recent publicity regarding boiler room and other marketing operations, some states are currently proposing legislation to regulate telephone solicitors, particularly those using automated dialing systems. Most legislation introduced thus far contains provisions requiring registration of telephone solicitors with a state agency and prohibition of certain acts and practices. In order that we may determine the appropriate course of action in the states that are considering this type of legislation, the Institute needs information regarding (1) the method by which "cold calls" are made, i.e., live voice or automated dialing systems (if automated dialing systems are used, how frequently and whether or not they are used in conjunction with other marketing programs) and (2) how telephone numbers or individuals to be contacted are determined -- randomly selected or incrementally sequential calls, a master list or commercially purchased list. Please submit this information to the Institute by October 30, 1989. Patricia Louie Assistant General Counsel