

MEMO# 5088

August 20, 1993

UPDATE ON PROPOSED FEDERAL TELEMARKETING LEGISLATION

August 20, 1993 TO: BROKER/DEALER ADVISORY COMMITTEE NO. 26-93 COMPLIANCE COMMITTEE NO. 18-93 OPERATIONS COMMITTEE NO. 28-93 SEC RULES COMMITTEE NO. 75-93 TRANSFER AGENT ADVISORY COMMITTEE NO. 44-93 UNIT INVESTMENT TRUST COMMITTEE NO. 35-93 RE: UPDATE ON PROPOSED FEDERAL TELEMARKETING LEGISLATION

As we previously informed you, there are currently several bills pending in Congress that are intended to address the problem of telemarketing fraud. Three of those bills were sent to you in early June for your information and comments. (See Memorandum to Broker/Dealer Advisory Committee No. 20-93, Compliance Committee No. 11-93, Operations Committee No. 21-93, SEC Rules Committee No. 51-93, Transfer Agent Advisory Committee No. 35-93 and Unit Investment Trust Committee No. 27-93, dated June 4, 1993.) At that time, it appeared that S. 577, the "Senior Citizens Against Marketing Scams Act of 1993," which is aimed specifically at fraudulent telemarketing activities targeting senior citizens, was not moving. Recently, however, S. 577 was passed by the Senate. In view of this development, you may wish to review that bill again to determine whether it raises any particular concerns. A copy of the bill as passed by the Senate is attached for that purpose. As noted previously, S. 577 imposes criminal penalties for violations. For example, the bill provides for a ten-year prison term, in addition to any other applicable penalties, for offenses in connection with telemarketing that targets persons over the age of 55. Unlike the other two bills sent to you in June, S. 577 does not contain a securities industry exemption. If you have any comments regarding S. 577, please contact Tom Selman at (202) 955-6251 by Tuesday, September 7. Frances M. Stadler Assistant Counsel Attachment