

ANNUAL REPORT TO CONGRESS FOR FY 2005

PURSUANT TO THE DO NOT CALL IMPLEMENTATION ACT  
ON IMPLEMENTATION OF  
THE NATIONAL DO NOT CALL REGISTRY



NATIONAL  
DO NOT CALL  
REGISTRY

SUBMITTED BY THE  
FEDERAL TRADE COMMISSION  
JULY 2006

# FEDERAL TRADE COMMISSION

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**Annual Report to Congress for FY 2005**

**Pursuant to the Do Not Call Implementation Act**

**on**

**Implementation of the National Do Not Call Registry**

**Submitted by**

**The Federal Trade Commission**



## **I. Introduction**

The National Do Not Call Registry is, by virtually every available measure, an effective consumer protection initiative. By the end of FY 2005, more than 107 million telephone numbers were registered, and the available data show that compliance with the National Do Not Call Registry provisions of the Amended Telemarketing Sales Rule (“TSR”)<sup>1</sup> is high and that, as a result, consumers are receiving fewer unwanted telemarketing calls.

The Do Not Call Implementation Act (“DNCIA”),<sup>2</sup> signed into law on March 11, 2003, mandates, *inter alia*, that the Federal Trade Commission (“FTC” or “Commission”) and the Federal Communications Commission (“FCC”) each transmit to Congress an annual report on the National Do Not Call Registry for fiscal years 2003 to 2007, inclusive. Specifically, the DNCIA requires that the FTC’s annual report provide the following information:

- (1) an analysis of the effectiveness of the registry;
- (2) the number of consumers who have placed their telephone numbers on the registry;
- (3) the number of entities paying fees to access the registry and the amount of such fees;
- (4) an analysis of the progress of coordinating the operation and enforcement of the National Registry with similar registries established and maintained by various States;
- (5) an analysis of the progress of coordinating the operation and enforcement of the National Registry with the enforcement activities of the FCC; and
- (6) a review of the FTC’s enforcement proceedings under the Telemarketing Sales Rule (“TSR”), 16 C.F.R. Part 310.

This Annual Report from the FTC provides an overview of the operation of the National Do Not Call Registry through the end of FY 2005.

## **II. Analysis of the Effectiveness of the National Do Not Call Registry**

During FY 2005, the Commission used the following measures to judge the performance of the National Do Not Call Registry program:

- (1) ensuring that the system remained fully operational throughout the year;

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<sup>1</sup> 16 C.F.R. Part 310.

<sup>2</sup> Pub. L. No. 108-10, 117 Stat. 557 (2003).

- (2) ensuring that the system could enroll large volumes of consumer telephone numbers; and
- (3) reducing unwanted telemarketing calls to consumers who sign up for the National Registry, which continues to be the ultimate goal of the registry.<sup>3</sup>

Each of these measures is discussed in turn below.

#### Ensuring the National Do Not Call Registry is Operational Throughout the Year

The National Do Not Call Registry was built to accomplish four primary tasks:

- (1) allow consumers to register their preference not to receive telemarketing calls at registered telephone numbers;
- (2) allow telemarketers and sellers to access the telephone numbers included in the National Registry and to pay the appropriate fees for such access;
- (3) gather consumer complaint information concerning alleged do not call violations automatically over the telephone and the Internet; and
- (4) allow FTC, State, and other law enforcement personnel access to consumer registration, telemarketer access information, and complaint information maintained in the registry.

On June 27, 2003, the National Registry began to register consumer telephone numbers. Consumers can register their telephone numbers through two methods: either by calling a toll-free number from the telephone number they wish to register, or over the Internet. The process is

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<sup>3</sup> When the National Do Not Call Registry was established, the Commission set out three separate measures by which the project's success could be judged: (1) having the system fully operational in calendar year 2003; (2) ensuring that the system could enroll approximately 60 million telephone numbers during the first year of operation; and (3) reducing unwanted telemarketing calls to consumers who sign up for the National Registry. See FTC Annual Report to Congress for FY 2003 and FY 2004 (Sept. 2005), <http://www.ftc.gov/reports/donotcall/051004dncfy0304.pdf>. These measures, as modified above, continue to serve as the means by which the Commission determines the effectiveness of the program.

fully automated, takes only a few minutes, and requires consumers to provide minimal personally identifying information.<sup>4</sup>

On September 2, 2003, the telemarketer component of the National Registry became available, as scheduled. Telemarketers and sellers can access registered telephone numbers, and pay the appropriate fee for that access, if any, through an Internet website dedicated to that purpose. The only information about consumers that companies receive from the National Registry is the registered telephone number. Those numbers are sorted and available for download by area code. Companies may also check a small number of telephone numbers at a time via interactive Internet pages.

In October 2003, the consumer complaint mechanism of the National Registry became operational.<sup>5</sup> Consumers who receive unwanted telemarketing calls can register a complaint via either a toll-free telephone number, using an interactive voice response system, or via the Internet. To conduct investigations, law enforcement officials also can access data in the National Registry, including consumer registration information, telemarketer access information, and consumer complaints.

With the implementation of the consumer complaint mechanism, the National Registry became fully operational in October 2003. Since that time, the National Registry has been in continuous operation: providing consumers with the ability to register their preference not to receive telemarketing calls and file complaints; providing telemarketers with the ability to subscribe to the list, download registered telephone numbers, and request help; and providing thousands of law enforcement personnel with access to data maintained in the registry.

#### Ensuring that the System Can Enroll Large Volumes of Consumer Telephone Numbers

Since inception, the National Registry has time-and-again proven to be capable of handling massive numbers of consumer registration requests. Within four days of the initial launch, more than 10 million telephone numbers were registered. After the first 40 days of operation, more than 30 million numbers were registered. By the end of FY 2003, a mere 13

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<sup>4</sup> In the case of registration by telephone, the only personal information provided is the telephone number to be registered. In the case of Internet registration, a consumer must provide, in addition to the telephone number(s) to be registered, a valid e-mail address to which a confirmation e-mail message is sent. Once the confirmation is complete, however, the e-mail address is hashed and made unusable. Thus, only consumers' telephone numbers are maintained in the database.

<sup>5</sup> Due to litigation brought by industry challenging the constitutionality of the National Do Not Call Registry, full registry operation was enjoined from late September until early October 2003. Ultimately, the constitutionality of the registry was upheld. See Mainstream Marketing Servs., Inc. v. FTC, 358 F.3d 1228 (10<sup>th</sup> Cir.), cert. denied, 543 U.S. 812 (2004).

weeks after the opening of consumer registration, more than 51 million telephone numbers were included on the National Registry, and by the end of FY 2004 the National Registry contained more than 64 million telephone numbers.

The capability to enroll large numbers of consumer telephone numbers continued in FY 2005. In fact, in FY 2005 the registry received more than 40 million new registrations. During the most active period in FY 2005, the registry received more than 19 million consumer registration requests in a single month and more than nine million in a single week. Since inception, the registry has experienced no outages and has continued to provide consumers with an uninterrupted mechanism by which to add their telephone numbers to the National Do Not Call Registry. As a result, by the end of FY 2005, the registry contained more than 107 million numbers.<sup>6</sup>

### Reducing the Number of Unwanted Telemarketing Solicitations

The Commission believes that the fundamental goal of the National Do Not Call Registry – to provide consumers with a simple, free, and effective means to limit unwanted telemarketing calls – has been realized. In 2005, Harris Interactive® and Customer Care Alliance conducted surveys that followed-up on their 2004 surveys,<sup>7</sup> which illustrated the continued success of the National Do Not Call Registry in terms of registration volume and reduction of unwanted telemarketing calls.<sup>8</sup>

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<sup>6</sup> See also Statement of Federal Trade Commission Chairman Deborah Platt Majoras on the 100 Millionth Number on the National Do Not Call Registry (Aug. 18, 2005), <http://www.ftc.gov/opa/2005/08/dncstatement.htm>.

<sup>7</sup> In January 2004, Harris Interactive® surveyed nearly 3,400 adults and found that 92% of those who signed up for the National Registry had received fewer telemarketing calls since signing up, and 25% stated that they had received no telemarketing calls. Customer Care Alliance surveyed 850 adults nationwide between February and April 2004. In this survey, the 60% of respondents who had registered their primary home telephone number on the National Registry reported that they had experienced an 80% reduction in the volume of telemarketing solicitations since registration.

<sup>8</sup> As the Commission stated in a letter to the Government Accountability Office in January 2005, “quantitative measurement of the effectiveness of a program based on ‘before and after’ snapshots is often difficult, particularly in situations like the Do-Not-Call program where only anecdotal evidence of a baseline for the ‘before’ figures exists. Nonetheless, when reports from consumers, the media, and professional surveyors consistently conclude that the DNC Registry effectively and successfully protects registered consumers against invasions of their privacy by most commercial telemarketing calls, it is reasonable to infer that the program is working as intended.” Letter from FTC Chairman Deborah Platt Majoras to Mr. Paul L. Jones, (continued...)



In September 2005, the Customer Care Alliance performed a two-question follow-up study. The survey found that approximately 73% of those who responded to the poll had registered their primary home telephone number on the National Registry, a 19.7% increase in registrations from the prior year.<sup>9</sup> In its December 2005 survey, Harris Interactive® found that 76% of all U.S. adults had registered for the National Registry compared to 57% in 2004, a one-third increase in registrations. The survey again found that 92% of U.S. adults who had placed their numbers on the registry reported receiving fewer telemarketing calls. These results provide further evidence that the National Registry continues to be an effective means for consumers to limit unwanted telemarketing calls - more consumers are registering their telephone numbers on the registry and fewer consumers are receiving unwanted telemarketing calls.

The National Registry complaint data also provide some information as to the effectiveness of the registry. As of September 30, 2005, the FTC had received 1,249,312 complaints, which represents approximately one percent of the total number of telephone numbers on the National Registry at that time. This is indicative of both a high degree of compliance by telemarketers and a meaningful reduction in unwanted calls for consumers who have registered their telephone numbers.

### **III. Number of Consumers Who Placed Their Telephone Numbers on the National Do Not Call Registry as of the End of FY 2005**

Americans enthusiastically embraced the National Do Not Call Registry. As previously stated, in the first four days following the launch of the registry on June 27, 2003, more than 10 million numbers were registered. As of September 30, 2003, a total of 51,968,777 telephone numbers were included on the National Registry. By the end of FY 2004, the National Registry included a total of 64,288,175 telephone numbers. And by the end of FY 2005, the National Registry included a total of 107,440,316 telephone numbers.<sup>10</sup>

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<sup>8</sup> (...continued)

Director, Homeland Security and Justice, U.S. Government Accountability Office (Jan. 18, 2005.)

<sup>9</sup> In the 2004 Customer Care Alliance survey, 61% of consumers reported that they registered their primary home telephone number on the National Registry.

<sup>10</sup> Both the FY 2004 and 2005 totals represent the total number of unique telephone numbers that were registered at any time since inception. A telephone number that was registered in FY 2003 and again in FY 2004 or FY2005 is counted only once in these totals. A telephone number that was registered in FY 2003, FY 2004, or FY2005 but subsequently deleted or removed from the National Registry is also counted once in these totals. Of the total registrations during FY 2005, 301,716 were additional numbers transferred by States that added their State do not call registry data to the National Registry. In total, 11,594,559 numbers were  
(continued...)

#### **IV. Number of Entities Paying Fees for Access to the National Do Not Call Registry During FY 2005**

A total of 1,968 entities paid for access to the National Do Not Call Registry as of September 30, 2003. The total amount of fees paid in FY 2003 was \$5,238,900.<sup>11</sup> During FY 2004, a total of 7,734 entities paid fees totaling \$14,008,654 for access to the National Registry.<sup>12</sup> In FY 2005, a total of 6,794 entities paid fees totaling \$18,099,304 for access to the National Registry.<sup>13</sup> Since inception, a total of 11,919 unique entities have paid fees for access to the National Registry. The total amount of fees paid by all entities since the inception of the National Registry through the end of FY 2005 is \$37,513,084.

Certain entities can access data from the National Registry without having to pay a fee. These include entities that access five or fewer area codes of data in a year, as well as entities that

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<sup>10</sup> (...continued)

transferred by States to the National Registry as of the end of FY 2005. This total includes the number of unique State records added to the National Registry. The numbers of records transferred by the States appearing in the previous edition of this report erroneously included duplicate state records. The correct figures for FY 2003 and FY 2004 are 9,110,889 and 2,181,954, respectively.

<sup>11</sup> Telemarketers could access the National Registry as of September 1, 2003. Accordingly, the fees paid in FY 2003 reflect only one month of operation. In FY 2003, the Commission imposed an annual fee of \$25 for each area code of data requested from the National Registry, with the first five area codes of data provided at no cost, and the maximum annual fee for accessing the entire National Registry was \$7,375. See 68 Fed. Reg. 45134 (July 31, 2003). These FY 2003 fees were in effect for the annual period beginning on September 1, 2003, and ending on August 31, 2004. Thus, the FY 2003 fees were in effect for the last month of FY 2003 and for eleven months of FY 2004.

<sup>12</sup> In 2004, the annual fee per area code was raised to \$40 (with the first five area codes again provided at no cost) and the maximum annual fee for accessing the entire National Registry was raised to \$11,000. See 69 Fed. Reg. 45580 (July 30, 2004). These FY 2004 fees were in effect for the annual period beginning on September 1, 2004, and ending on August 31, 2005. Thus, the FY 2004 fees were in effect for the last month of FY 2004 and for eleven months of FY 2005.

<sup>13</sup> In 2005, the annual fee per area code was raised to \$56 (with the first five area codes again provided at no cost) and the maximum annual fee for accessing the entire National Registry was raised to \$15,400. See 70 Fed. Reg. 43273 (July 27, 2005). These FY 2005 fees were in effect for the annual period beginning on September 1, 2005, and ending on August 31, 2006. Thus, the FY 2005 fees were in effect for the last month of FY 2005 and will be in effect for eleven months of FY 2006.

are exempt from the do not call requirements of the Amended TSR, but that voluntarily access the National Registry in order to avoid calling consumers who do not wish to receive calls.<sup>14</sup> In FY 2005, 58,023 entities accessed five or fewer area codes at no charge, and 1,233 entities claiming “exempt organization” status obtained free access.<sup>15</sup>

#### **V. Analysis of Progress Coordinating the Operation and Enforcement of the National Do Not Call Registry with State Do Not Call Lists**

At the time the FTC announced its intention to create a National Do Not Call Registry, more than two dozen States had some form of a do not call list. As noted in the Statement of Basis and Purpose for the Amended TSR,<sup>16</sup> the FTC has worked diligently with the States to further the goal of creating a single National Do Not Call Registry. Such a National Registry allows consumers to effect their preference not to receive telemarketing calls by going to a single governmental agency and streamlines the process for businesses, allowing them to have a single point of contact to obtain the list of all consumer telephone numbers that they should not call.

The dialogue with States regarding coordination of do not call efforts continued throughout FY 2005. Since the inception of the program, seven States that had established State do not call lists have stopped collecting consumer registrations at the State level.<sup>17</sup> Instead, they have relied upon the National Registry to enforce their State laws. Another ten States that did not have a State registry in place at the time enacted laws that “adopt” the National Registry as the State registry for State law purposes.<sup>18</sup> In addition, eighteen States that operated or continue to operate do not call lists contributed their data to the National Registry, with over 11.5 million

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<sup>14</sup> Such “exempt” organizations include entities that engage in outbound telephone calls to consumers to induce charitable contributions, to raise funds for political purposes, or to conduct surveys. They also include entities engaged solely in calls to persons with whom they have an established business relationship or from whom they have obtained express written agreement to call, pursuant to the Amended TSR, 16 C.F.R. § 310.4(b)(1)(iii)(B)(i) or (ii), and who do not access the National Registry for any other purpose.

<sup>15</sup> In FY 2004, 64,168 entities accessed five or fewer area codes at no charge, and 1,469 “exempt” entities obtained free access.

<sup>16</sup> 68 Fed. Reg. 4580, 4638 (Jan. 29, 2003).

<sup>17</sup> Those States are: Alabama; Connecticut; Kansas; Maine; New York; Oregon; and Vermont.

<sup>18</sup> Those States are: Arizona; California; Illinois; Michigan; Montana; New Hampshire; Nevada; New Mexico; North Dakota; and South Dakota.

telephone numbers transferred by those States to the registry as of the end of FY 2005.<sup>19</sup> As of the end of FY 2005, seven States still have not shared their state lists with the National Registry.<sup>20</sup>

## **VI. Analysis of the Progress of Coordinating the Operation and Enforcement of the National Do Not Call Registry with the FCC**

The FTC and the FCC have worked closely to coordinate their efforts to enforce the National Do Not Call Registry. Since inception of the program, the two agencies have worked closely together to (1) ensure efficient enforcement of their respective do not call rule provisions, (2) avoid unnecessary duplication of effort, and (3) promote cooperation in investigations. During FY 2005, coordination has continued with regular meetings to discuss issues pertaining to do not call enforcement, including review of the agencies' respective enforcement priorities. This close cooperation, in combination with active enforcement efforts at each of the agencies, has sent a strong message to industry regarding the FTC's and FCC's commitment to mandating compliance.

## **VII. Review of the FTC's Enforcement Proceedings**

Although compliance with the National Do Not Call Registry has been high, the FTC actively investigates and prosecutes violators. National Do Not Call Registry enforcement protects the success of the National Registry in safeguarding consumer privacy. The FTC also works with its enforcement partners at the U.S. Department of Justice, the FCC, and the States to enforce the National Do Not Call Registry rules.

Violating the National Do Not Call Registry subjects telemarketers to civil penalties of up to \$11,000 per violation. Civil penalty actions are filed by the Department of Justice on behalf of the FTC. Some violators of the National Do Not Call Registry also engage in fraud or other law violations. Indeed, a few fraudsters have attempted to profit from the popularity of the registry by purporting to register consumers for do not call services for a fee. In these fraud cases, the Commission seeks equitable relief in federal court, such as injunctions against future violations, consumer redress, and disgorgement of profits.

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<sup>19</sup> The States that have transferred registrations to the National Registry are: Alabama; Arkansas; California; Colorado; Connecticut; Florida; Georgia; Idaho; Kansas; Kentucky; Massachusetts; Maine; Minnesota; Mississippi (provided data in FY 2005); New York; North Dakota; Oklahoma; and Pennsylvania.

<sup>20</sup> Those States are: Indiana, Louisiana, Missouri, Tennessee, Texas, Wisconsin, and Wyoming.

During FY 2005, based upon a review of complaints in its database and other investigative activities, the FTC filed six cases alleging violation of the National Do Not Call Registry against the following principal defendants:

- Centurion Financial Benefits, LLC allegedly violated various provisions of the Amended TSR, including the following: misrepresenting that, after paying a fee, consumers would receive an unsecured major credit card, such as a MasterCard or Visa credit card; requesting and receiving payment of a fee in advance of consumers obtaining a credit card while guaranteeing or representing a high likelihood of success in obtaining or arranging for such credit card; and initiating or causing others to initiate telephone calls to numbers on the National Registry.<sup>21</sup>
- Frankly Speaking, Inc., a purported nonprofit organization, allegedly violated various provisions of the Amended TSR, including the following: billing without the express informed consent of customers; initiating or causing others to initiate telephone calls to numbers on the National Registry; and initiating telephone calls to consumers within a given area code without first paying the requisite fee to access the National Registry.<sup>22</sup>
- Flagship Resort Development Corporation, a seller of timeshares, allegedly violated various provisions of the Amended TSR, including the following: abandoning, or causing others to abandon, outbound telephone calls by failing to connect the call with a sales representative within two (2) seconds of the completed greeting of the person answering the call; initiating or causing others to initiate telephone calls to numbers on the National Registry; and initiating telephone calls to consumers within a given area code without first paying the requisite fee to access the National Registry.<sup>23</sup>

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<sup>21</sup> FTC v. Centurion Fin. Benefits, LLC, No. 05 C 5442 (N.D. Ill., filed Sept. 21, 2005). A temporary restraining order is in place in this matter, and litigation is ongoing.

<sup>22</sup> FTC v. Frankly Speaking, Inc., No. 1:05-CV-60 (WLS) (M.D. Ga., filed May 11, 2005). A stipulated judgment and order for permanent injunction was entered in this matter in May 2005, a copy of which can be found on the FTC's website at <http://www.ftc.gov/os/caselist/0423072/050518stip0423072.pdf>.

<sup>23</sup> United States v. Flagship Resort Dev. Corp., (D.N.J., filed Feb. 16, 2005). In February 2005, a stipulated judgment and order for permanent injunction was entered in this matter, which included an order to pay \$500,000 in civil penalties. A copy of the Stipulated Final Judgment and Order for Permanent Injunction can be found on the FTC's website at <http://www.ftc.gov/os/caselist/bragliaflagship/050216flagshipresortstippi.pdf>.

- Cutting Edge Marketing, LLC, a seller of vacation packages and other travel related services, allegedly violated the Amended TSR by initiating or causing others to initiate telephone calls to numbers on the National Registry.<sup>24</sup>
- Columbia House Company, a well-known direct marketer of home entertainment products, allegedly violated the Amended TSR by initiating or causing others to initiate telephone calls to numbers on the National Registry as well as to persons who had made a company-specific request not to be called.<sup>25</sup>
- FGH International Corporation, marketers of at-home instructional programs, allegedly violated various provisions of the Amended TSR, including the following: misrepresenting, directly or by implication, their affiliation, or endorsement, by a government entity; making false or misleading statements; using threats or intimidation; and initiating or causing others to initiate telephone calls to numbers on the National Registry.<sup>26</sup>

Previously, in FY 2004, the FTC filed seven cases alleging violations of the National Do Not Call Registry against the following principal defendants:

- Braglia Marketing Group, LLC (“BMG”), a timeshare telemarketer, allegedly initiated or caused others to initiate telephone calls to hundreds of thousands of numbers on the National Registry, abandoned calls, or caused others to abandon calls, and initiated telephone calls to consumers within a given area code without

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<sup>24</sup> United States v. Cutting Edge Mktg., LLC, No. CIV-05-2899-PHX-SMM (D. Ariz., filed Sept. 22, 2005). In September 2005, a stipulated judgment and order for permanent injunction was entered in this matter, which included an order to pay \$5,000 in civil penalties. A copy of the Stipulated Judgment and Order for Permanent Injunction can be found on the FTC’s website at <http://www.ftc.gov/os/caselist/cuttingedge/050922cuttingedgestipjdgmnt.pdf>

<sup>25</sup> United States v. Columbia House Co., No. 05 C 4064 (N.D. Ill., filed July 14, 2005). In July 2005, a stipulated judgment and order for permanent injunction was entered in this matter, which included an order to pay \$300,000 in civil penalties. A copy of the Stipulated Judgment and Order for Permanent Injunction can be found on the FTC’s website at <http://www.ftc.gov/os/caselist/0423078/050715stip0423078.pdf>.

<sup>26</sup> FTC v. FGH Int’l Corp., No. CV-04-8013-AHM (JWJx) (C.D. Cal., filed Sept. 27, 2004). A stipulated judgment and order for permanent injunction was entered in this matter in FY 2006, which included an order to pay \$940,000 for redress and other equitable relief to consumers.

first paying the required access fee.<sup>27</sup> This was the first case in which the FTC and the Department of Justice sought civil penalties from defendants for alleged do not call violations.

- 4086465 Canada, Inc., a corporation doing business as International Protection Center and Consumers Protection Center, allegedly misrepresented, *inter alia*, that for a fee they could arrange for consumers' telephone numbers to be placed on the National Registry.<sup>28</sup>
- Debt Management Foundation Services, Inc. allegedly violated various provisions of the Amended TSR, including the following: making misrepresentations about their debt management services; billing without the express informed consent of customers; initiating or causing others to initiate telephone calls to numbers on the National Registry; and initiating telephone calls to consumers within a given area code without first paying the requisite fee to access the National Registry. In addition, the defendants allegedly failed to provide required privacy disclosures and violated credit repair laws.<sup>29</sup>
- Internet Marketing Group and a host of other corporate and individual defendants allegedly misrepresented material facts in the sale of business ventures and violated the Commission's Franchise Rule, which requires provision of timely, complete, and accurate disclosure statements and earnings claims. In addition, the defendants were charged with initiating or causing others to initiate telephone calls to numbers on the National Registry.<sup>30</sup>

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<sup>27</sup> United States v. Braglia Mktg. Group, LLC, No. CV-S-04-1209-DWH-PAL (D. Nev., filed Aug. 30, 2004). In February 2005, a stipulated judgment and order for permanent injunction was entered in this matter, which included an order to pay \$3,500 in civil penalties. A copy of the Stipulated Judgment and Order for Permanent Injunction can be found on the FTC's website at <http://www.ftc.gov/os/caselist/bragliaflagship/050215bragliastipordpi.pdf>.

<sup>28</sup> FTC v. 4086465 Canada, Inc., No. 1:04CV1351 (N.D. Ohio, filed July 19, 2004). A stipulated final order and permanent injunction were entered in this matter in FY 2006, which included an order to pay \$345,000 for redress and other equitable relief to consumers.

<sup>29</sup> FTC v Debt Management Found. Servs., Inc., 8:04-CV-1674-T-17-MSS (M.D. Fla., filed July 20, 2004). A stipulated permanent injunction was entered in this matter in March 2005, which included an order to pay \$258,000 for redress to consumers or disgorgement. A copy of the Stipulated Final Judgment and Order for Permanent Injunction can be found on the FTC's website at <http://www.ftc.gov/os/caselist/0423029/050330sstip0423029.pdf>.

<sup>30</sup> FTC v. Internet Mktg. Group, Inc., No. 3:04-0568 (M.D. Tenn., filed June 28, (continued...))

- National Consumer Council allegedly misrepresented material facts regarding a purported debt negotiation service; initiated or caused others to initiate telephone calls to numbers on the National Registry as well as to persons who had made a company-specific request not to be called; and initiated or caused others to initiate telephone calls to consumers within a given area code without first paying the requisite access fee for data from the National Registry for that area code.<sup>31</sup>
- Telephone Protection Agency, Inc. allegedly misrepresented that it could register consumers with the FCC's national registry when, in fact, the FCC had no such list at the time. The FTC's complaint also alleged that the defendants billed consumers without their authorization, and misrepresented to consumers that they would notify every known telephone and mailing list company not to sell or lease the consumers' information to anyone.<sup>32</sup>
- Vector Direct Marketing, LLC allegedly engaged in the unauthorized billing of consumers for purported do not call protection services and for the removal of personal information from telemarketers' files. The company also falsely claimed that, for a fee, it would perform those services.<sup>33</sup>

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<sup>30</sup> (...continued)

2004). Stipulated permanent injunctions were entered against each of the defendants in this matter on May 22, 2006, including a \$15 million suspended judgment and other equitable relief for consumers. Copies of the Settlement Agreements and Orders for Permanent Injunctions can be found on the FTC's website at <http://www.ftc.gov/os/caselist/0423035/0423035.htm>.

<sup>31</sup> FTC v. National Consumer Council, Inc., No. SACV04-0474CJC (JWJX)(C.D. Cal., filed Apr. 23, 2004). A stipulated permanent injunction was entered in this matter in March 2005, which included an order to pay \$3,821,000 for restitution and other equitable relief to consumers. Copies of the Settlement Agreements and Orders for Permanent Injunctions can be found on the FTC's website at <http://www.ftc.gov/os/caselist/0323185/0323185.htm>.

<sup>32</sup> FTC v. Telephone Protection Agency, Inc., No. 5:04cv49 (W.D.N.C., filed Apr. 21, 2004). Stipulated permanent injunctions were entered against two of the defendants in September 2004, with stipulated permanent injunctions against the remaining defendants issuing in September 2005, which included an order to pay \$672,717.85 for redress and other equitable relief to consumers. Copies of the Stipulated Judgments and Default Judgment can be found on the FTC's website at: <http://www.ftc.gov/os/caselist/0323119/0323119.htm>.

<sup>33</sup> FTC v. Vector Direct Mktg., LLC, No. CV04 0095 PHX SMM (D. Ariz., filed Jan. 15, 2004). A stipulated permanent injunction was entered against the defendants in June 2004, a copy of which can be found on the FTC's website at



Enforcement of the do not call regulations in the Amended TSR could not begin until October 2003. However, in FY 2003 the FTC did file one matter related to the National Registry.

- Ken Chase allegedly misrepresented that, for a fee, he could arrange for consumers' telephone numbers to be placed on the National Registry.<sup>34</sup>

As of September 30, 2005, the FTC had reached settlements in ten of these fourteen cases, obtaining injunctive relief in all ten cases. In four of the cases, the court ordered civil penalties totaling more than \$800,000. In the remaining six cases, the court ordered redress and/or disgorgement for other violations, totaling more than \$4.7 million.

### **VIII. Conclusion**

Since inception of the program, the National Do Not Call Registry has been in continuous operation: successfully accepting consumer registrations and complaints; allowing businesses to obtain access to registry data; and providing law enforcement with the tools and information that they need to investigate complaints and bring enforcement actions. During FY 2005, the National Registry managed large volumes of consumer registrations without incident and, as of the end of the Fiscal Year, contained more than 107 million telephone numbers. To protect the ongoing success of the National Registry, the FTC continues to pursue an active enforcement program, with numerous ongoing non-public investigations, which, as of the end of FY 2005, have resulted in fourteen cases being filed, ten of which have settled, bringing significant relief to consumers. Even though the FTC pursues an active enforcement program, data from surveys and analysis of complaints about do not call violations strongly suggest that compliance with the National Do Not Call Registry provisions of the Amended TSR is high and that consumers are receiving fewer unwanted telemarketing calls.

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<sup>33</sup> (...continued)

<http://www.ftc.gov/os/caselist/vectordirect/040629stipvectordirect.pdf>.

<sup>34</sup> FTC v. Ken Chase, No. C03-2139 (N.D. Cal., filed May 6, 2003). A stipulated permanent injunction was entered on December 8, 2003, which included an order to provide full refunds to consumers who subscribed to the defendant's services. A copy of this Stipulated Final Order for Permanent Injunction can be found on the FTC's website at <http://www.ftc.gov/os/2003/12/031209chasedncstip.pdf>.







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