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October 8, 2004

The Honorable Barbara Boxer
United States Senate
Washington, D.C. 20510

Re: ABA Support for S. 2603, the "Junk Fax Prevention Act of 2004"

Dear Senator Boxer:

On behalf of the American Bar Association ("ABA") and its more than 400,000 members throughout the country—including almost 42,000 members in California—I write to express our strong support for S. 2603, the "Junk Fax Prevention Act of 2004." In particular, the ABA supports this bill because it would preserve the ability of associations like the ABA—and the many state and local bars throughout the State of California—to fax important information to their members and customers under the Telephone Consumer Protection Act of 1991 ("TCPA"). To accomplish this, the bill would reverse the harmful new Federal Communication Commission ("FCC") rules eliminating the so-called "established business relationship" exception to the TCPA's general prohibition against unsolicited facsimile advertisements ("EBR exemption"). We respectfully urge you to drop your hold on this important bipartisan legislation and support final passage of the bill as soon as possible.

For more than a decade after Congress passed the TCPA in 1991, the FCC recognized the existence of an EBR exemption under the statute. Under the EBR exemption, associations, businesses, and others were permitted to send unsolicited commercial faxes to their members, customers, and anyone else with whom they had conducted business, because the recipients were deemed to have given their implied consent to receive these messages. Although the EBR exemption worked well and reflected the wishes of the vast majority of both the senders and recipients of commercial faxes, the FCC inexplicably decided to issue new regulations in July 2003¹ that would eliminate this exemption under the TCPA.

Under the new FCC rules, all professional and trade associations—including the ABA and the many bar associations throughout California—would be severely restricted in their ability to fax unsolicited advertisements, defined as "any material advertising the

¹ See Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991, 68 Fed. Reg. 44143 (July 25, 2003) (to be codified at 47 C.F.R. pts. 64 and 68). The TCPA is codified at 47 U.S.C. § 227. The FCC's Report and Order, released July 3, 2003, can be found at http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-03-153A1.pdf.

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commercial availability or quality of any property, goods, or services,” to their own members or to anyone else. Before such advertisements could be sent, associations would be required to obtain the *written and signed* consent of each fax recipient—including their own members—and the consent forms would have to be sent by some method other than fax. The proposed rules would also prohibit all businesses from faxing advertisements to any person—whether a subcontractor, supplier, or existing customer—without first obtaining a signed consent form. Anyone violating the new rules would face stiff fines, as well as potential judgments of up to *\$1,500 per unsolicited fax*.

In response to the proposed rules, the ABA and many other associations and businesses filed petitions with the FCC urging that the regulations be withdrawn. Although the FCC refused to withdraw its new rules, the agency ultimately agreed to postpone the effective date until January 1, 2005, and this deadline recently was extended through June 30, 2005. Unless Congress intervenes before that date by passing legislation like S. 2603, however, the new FCC rules will likely take effect without substantial change, resulting in great harm to the ABA and the many bar associations throughout the State of California.

The ABA supports the provisions in S. 2603 that would overturn the FCC’s new do-not-fax rules for several important reasons. First of all, the ABA believes that the new FCC rules will interfere with the ability of associations to communicate with their members and will create unreasonable financial and administrative burdens for these associations, without any tangible benefit to their members. While the new rules provide that facsimile advertising may continue with the express written permission of the recipients, this will require the ABA, for example, to contact hundreds of thousands of our existing members and customers in a manner other than faxing to confirm that continued faxing is permissible. Even though many of our members may prefer to receive communications by fax, they will now receive an e-mail or postal mailing to request signed permission for future faxes. As a result, the ABA (and, indirectly, our members and customers) will be forced to incur substantial new expenses, including the cost of mailing, processing, and storing consent forms. The financial and administrative burdens associated with these new rules will be substantial and will not be cost-effective.

In addition to these burdens, the new rules will create inefficiencies by discouraging the use of facsimiles to promote the member benefits, resources, products and services of thousands of associations. For many years, facsimiles have provided the ABA and its various entities with an effective method of communicating and promoting products and services to the legal community. In the absence of the fax channel of communications, all ABA entities will be forced to use alternative methods of communications, all of which entail significant additional expenses. For example, direct mail will be significantly more costly—up to \$400,000 in additional annual expenses for the ABA Center for Continuing Legal Education alone—and far less flexible, in that lead times for production and postal mailings are considerably longer than for faxing. The e-mail channel, while very useful, has reached near saturation in member tolerance. Diverting the former fax messaging to e-mail may further diminish the effectiveness of *all* ABA e-mail communications, and those of thousands of other associations as well.

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The ABA also supports the provisions in the bill preserving the EBR exemption because we believe that the overwhelming majority of association members—both nationally and throughout the State of California—want to receive facsimile communications from their association. Currently, many organizations, including the ABA, have opt-out systems in place that can dramatically reduce the number of unwanted faxes, without putting a financial and administrative burden on the business or association. For instance, the ABA has in its system the fax numbers of over 215,000 of its members who voluntarily provided their fax numbers to the ABA. Of these ABA members, less than 3,200 have utilized our specific no-fax restriction. Therefore, less than 1.5% of ABA members who have given us fax numbers have pro-actively chosen not to receive unsolicited faxes from the ABA. This system to manage our members' privacy wishes regarding faxes has been in place since January 2000 and has worked remarkably well.

As the ABA's own opt-out system described above has confirmed, the ABA's members have come to expect facsimiles from the Association advertising the availability of such useful and valued services as continuing legal education programs, books and publications. If the FCC rule eliminating the EBR exemption is implemented, however, associations and other entities like the ABA that have typically communicated with their members and customers via fax will now lose that popular and cost-effective method of communication, to the detriment of all concerned.

S. 2603 effectively addresses all of these concerns by preserving the EBR exemption under the TCPA and by permitting associations and businesses to continue to send facsimile advertisements to their members and customers. In addition, the legislation would help protect consumers by requiring unsolicited facsimile advertisements to include a conspicuous notice on the first page that gives the recipient an absolute right to opt out of receiving future faxes. These and other related provisions, taken together, are a reasonable and measured response to the problem of unwanted faxes. If enacted, these provisions would curb many of the abuses under the current system without unduly affecting the ability of law-abiding associations and businesses to advertise their products and services.

In sum, the American Bar Association strongly supports S. 2603 because it would protect the ability of associations like the ABA—and the many bar associations throughout California—to communicate with their members and customers by preventing the FCC from eliminating the EBR exemption under the TCPA. Because the new FCC rules are scheduled to take effect on July 1, 2005—and because associations and other entities throughout the country will be forced to begin costly compliance programs well before that date—we urge you to release your hold on the bill and support passage of this important legislation as soon as possible.

Thank you for considering the views of the ABA. If you would like more information regarding the ABA's positions on these issues, please contact our legislative counsel for business law issues, Larson Frisby, at (202) 662-1098.

Sincerely,



Robert D. Evans