

7 July 1970

STATINTL

MEMORANDUM FOR: Assistant Manager,
Credit Union

SUBJECT: Use of Telephone for Debt Collection
Purposes

1. Your memorandum of 1 July 1970 attached a Credit Union League news brief which included an excerpt from the Federal Register of 16 July 1970, page 9873 on this subject. The information in the news brief is incomplete and, I believe, misleading. For your information I attach a complete copy of the Federal Communications Commission notice which appeared in the Federal Register cited above.

2. There is no reason to believe that normal use of the telephone by the Credit Union to assist in collection of overdue accounts is proscribed by the FCC or the telephone company tariffs. Calls to the debtor or his employer per se are not prohibited. The restriction is against unreasonable use of the telephone so as to frighten, abuse or harass the debtor. I assume you do not do this and do not make threats or untrue allegations. Under these circumstances, your use will not be in violation of Federal law or regulations.

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Assistant General Counsel

Attachment

OGC: sab
Distribution:

- Orig. & 1 - Addressee
- 1 - EMPLOYEE RELATIONS & ACTIVITIES
- 1 - JDM Signer

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Welfare to fill by noncareer executive assignment in the excepted service the position of Deputy Assistant Secretary for Health Policy Implementation, Office of the Assistant Secretary for Health and Scientific Affairs.

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] JAMES C. SPRY,
Executive Assistant to
The Commissioners.

[P.R. Doc. 70-7456; Filed, June 15, 1970;
8:47 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[FCC 70-609]

USE OF TELEPHONE FOR DEBT COLLECTION PURPOSES

JUNE 10, 1970.

The Commission has received information that interstate telephone service is being increasingly used for collection of claimed debts in ways that are or may be in violation of applicable tariffs of the telephone companies and criminal statutes. Practices alleged include calling at odd hours of the day or night; repeated calls; calls to friends, neighbors, relatives, employers, and children; calls making a variety of threats; calls asserting falsely that credit ratings will be hurt; calls falsely stating that legal process is about to be served; calls demanding payments for amounts not owed; calls to places of employment; and calls misrepresenting the terms and condition of existing or proposed contracts. Although many of these calls are placed on a local basis, there is increasing indication that such improper practices also involve use of interstate toll and Wide Area Telephone Service (WATS).

Tariffs of the telephone companies forbid use of the telephone " * * * for a call or calls, anonymous or otherwise, if in a manner reasonably to be expected to frighten, abuse, torment, or harass another;" or for calls that " * * * interfere unreasonably with the use of the service by one or more other customers;" or calls for " * * * unlawful purpose." Upon violation of any of these conditions the telephone company can, by written notice, discontinue service "forthwith." These tariff regulations are filed with this Commission pursuant to section 203 of the Communications Act, 47 U.S.C. 203, and are binding on the telephone company and customer alike. Users of the telephone service are also subject to the enforcement proceedings provided for in sections 401 and 411 of the Communications Act.

In addition to the loss of telephone service for violation of the tariffs, section 223 of the Communications Act makes it a crime to use the telephone in the District of Columbia or in interstate or foreign communication to make "repeated telephone calls, during which conversation is intercepted by a third person at the called number" or to know-

ingly permit "others to use his telephone" for such purpose. Penalties for violation of section 223 are a fine up to \$500 or 6 months' imprisonment, or both, 47 U.S.C. 223.

The Commission is concerned that some users of telephone service may be unaware of their obligations to refrain from using the service for abusive or harassing calls. It is also concerned that other users may be wilfully and repeatedly violating the provision of the tariffs and the applicable statutes, and that the telephone companies are not adequately enforcing their tariffs. Accordingly, the Commission is issuing this Public Notice in order that the public may be informed of the requirements of law in this area and so that users may be alerted to their legal obligations in the use of the telephone and the penalties for failure to abide thereby. The Commission has also this date sent letters to the Bell, General, United, and Continental telephone systems requesting them to take positive steps to inform present and potential customers of the requirements of law, and to effectuate a more vigorous enforcement of their tariffs.

Action by the Commission June 10, 1970.¹

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Secretary.

[P.R. Doc. 70-7469; Filed, June 15, 1970;
8:48 a.m.]

[Docket Nos. 18870, 18871; FCC 70573]

ROBERTS FLYING SERVICE, INC., AND LAKELAND FLYING SERVICE, INC.

Order Designating Applications for Consolidated Hearing on Stated Issues

In regard applications of Roberts Flying Service, Inc., Lakeland, Fla., Docket No. 18870, File No. 86-A-RL-109; Lakeland Flying Service, Inc., Lakeland, Fla., Docket No. 18871, File No. 65-A-L-99; for Aeronautical Advisory Station to serve the Lakeland Municipal Airport, Lakeland, Fla.

1. Roberts Flying Service, Inc., has filed an application for renewal of the license of aeronautical advisory station KJA7, Lakeland Municipal Airport, Lakeland, Fla., and Lakeland Flying Service, Inc., has filed an application for a new aeronautical advisory station at the same airport. Section 87.251(a) of the Commission's rules provides that only one aeronautical advisory station may be authorized to operate at a landing area. Therefore, the above-captioned applications are mutually exclusive. Accordingly, it is necessary to designate the applications for hearing. Except for the issues specified herein each applicant is otherwise qualified.

¹ Commissioners Bartley (Acting Chairman), Robert E. Lee, Johnson, H. Rex Lee, participating.

2. Prior to filing its above-captioned application, Lakeland Flying Service, Inc., by letter dated August 23, 1969, objected to any further renewal of license of aeronautical advisory station KJA7 on the grounds that Roberts Flying Service, Inc., has repeatedly operated its station in violation of § 87.257 (a) and (b) of the Commission's rules. Section 87.257 (a) and (b) of the Commission's rules requires that at all times when an aeronautical advisory station is in operation, nonpublic service shall be provided to any private aircraft station upon request and without discrimination, and that communications by such a station shall be impartial with respect to information concerning similar available ground services at the landing area. By letter dated November 10, 1969, David P. Johnson, a pilot engaged in general aviation in the Lakeland, Fla., area, alleged that on several occasions when he was engaged in cross-country flights the Lakeland Unicom had failed to reply to his request for takeoff or landing information, and discriminated against him by providing other aircraft making the same request in the period immediately following his futile efforts with full information pertaining to their proposed landing.

3. Roberts Flying Service, Inc., denies the allegation that it has operated station KJA7 in violation of § 87.257 (a) and (b) of the Commission's rules, and by letter filed November 10, 1969, alleges that on various occasions since July 1966 to the present time, members of Lakeland Flying Service, Inc., have illegally used an unlicensed Unicom radio transmitter in direct violation of the Commission's rules, and have admitted to such violations in a meeting between the parties and official representatives of the city of Lakeland.

4. In view of the foregoing: *It is ordered*, That pursuant to the provisions of section 309(e) of the Communications Act of 1934, as amended, the above-captioned applications are hereby designated for hearing in a consolidated proceeding at a time and place to be specified in a subsequent order on the following issues:

(a) To determine which applicant would provide the public with better aeronautical advisory service based on the following considerations:

(1) Location of the fixed-base operation and proposed radio station in relation to the landing area and traffic patterns;

(2) Hours of operation;

(3) Personnel available to provide advisory service;

(4) Experience of applicant and employees in aviation and aviation communications;

(5) Ability to provide information pertaining to primary and secondary communications as specified in § 87.257 of the Commission's rules;

(6) Proposed radio system including control and dispatch points; and availability of the radio facilities to other fixed-base operators.

1 July 1970

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MEMORANDUM FOR: [Redacted]
FROM : [Redacted] Credit Union
SUBJECT : Use of Telephone for Collection Purposes

The following is an excerpt from a Credit Union League publication called "Newsbriefs":

"Federal Communication Commission Warns About Using Phones For Collection Purposes"

The Federal Communications Commission has published a notice in the "Federal Register" of June 10, 1970 "in order that the public may be informed of the requirements of law" regarding use of the telephone in ways that may be a violation of law or applicable telephone tariffs. According to the announcement: "Practices alleged include calling at odd hours of the day or night; repeated calls; calls to friends, neighbors, relatives, employers, and children; calls making a variety of threats; calls asserting falsely that credit ratings will be hurt; calls falsely stating that legal process is about to be served; calls demanding payments for amounts not owed; calls to places of employment; and calls misrepresenting the terms and condition of existing or proposed contracts."

My concern is with the amount of pressure we can apply via telephone and specifically the calls to places of employment - does this prevent us from making any calls to the employer?

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I would appreciate your guidance in this matter.

[Redacted Signature]

Assistant Manager

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Note: [Redacted] will be on annual leave through 20 July 1970.

CREDIT

Approved For Release 2002/05/08 : CIA-RDP72-00310R000100430002-8

UNION

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news briefs

June 29, 1970

CREDIT UNION SERVICES, INC. has authorized the formation of a subsidiary company to be known as CUSCO, Inc., a Virginia corporation, for the purpose of operating a general insurance agency and other services. Counsel has prepared the Articles of Incorporation and the document will be signed by three incorporators on June 30. A stockholders' meeting will be held on July 7th for the purpose of electing the first board of directors. The new company will also be the contractor for credit union service centers. Negotiations are underway to establish the first service center in the Iverson Mall area.

THE SENATE AND HOUSE are in general agreement on a provision to authorize \$250 million to subsidize part of the cost of the Federal Home Loan Bank System advances to savings and loan associations.

THE COMMERCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES is hearing testimony on the controversial issue of "class action suits." Pending before the Committee is a bill (H.R. 14931) to allow consumers the right to sue individually or as a class to recover damages or a rescission of contract from businesses conducting illegal business operations.

SENATOR ALBERT GORE (D-Tenn.) has introduced a bill (S. 3979) which would establish a national maximum interest rate "for any regular credit or loan transaction entered into after July 1, 1971" of not to exceed 6%. The interest is defined as "the sum of all charges payable directly or indirectly" making the loan or credit extension.

The bill would make a willful violator subject to civil penalties of twice the total interest charge and attorney fees. It also directs the Federal Reserve System to initiate and sustain a gradual lowering of interest rates to the level of 6% by July 1, 1971.

FEDERAL COMMUNICATION COMMISSION WARNS ABOUT USING PHONES FOR COLLECTION PURPOSES - The Federal Communications Commission has published a notice in the "Federal Register" of June 10, 1970 "in order that the public may be informed of the requirements of law" regarding use of the telephone in ways that may be a violation of law or applicable telephone tariffs. According to the announcement: "Practices alleged include calling at odd hours of the day or night; repeated calls; calls to friends, neighbors, relatives, employers, and children; calls making a variety of threats; calls asserting falsely that credit ratings will be hurt; calls falsely stating that legal process is about to be served; calls demanding payments for amounts not owed; calls to places of employment; and calls misrepresenting the terms and condition of existing or proposed contracts."

WHAT A NAME - Here is the name of a credit union located in Maryland. It will probably take a military mind to decode this one - NAVRECONTECHSUPPCEN Federal Credit Union. It has to be some kind of a Navy Technical Supply Center, or sompin.

Mrs. CATHERINE (KATHY) E. LARSON served her last day as manager of the Treasury Department Federal Credit Union on Friday, June 26. On Thursday the credit union officials had an "official" retirement program and on Friday invited friends and officials had a modest private farewell party. Kathy joined the staff of Treasury FCU in 1957, when reported assets were approximately \$300,000. The credit union reported assets of \$1,965,006 on December 31, 1969 and it now exceeds the \$2 million mark. Kathy is looking forward to spending a full month (December) in Puerto Rico and to some European travel in 1971. Good health and happy retirement are wished by all her friends and associates.

FOR SALE - Lohrs 1967 Cabin Cruiser. Freshwater cooling. Chrysler 290 H.P. Marine Engine-Flying bridge. Exterior refinished this spring. Ship to Shore. Fishing rod holders. One owner boat. May be seen at Weeks Marine RR, Hollywood, Maryland. Illness in owner's (Mr. Sidney Sloane) family reason for sale. Price, \$6,750. For more information call Bill White, League office - 737-5282.

PROMISE TO INTRODUCE FAIR CREDIT BILLING MEASURE TO PROTECT CONSUMERS FROM COMPUTER BILL COLLECTORS - Fair credit billing legislation that will prevent consumers from being harassed by computerized bill collectors - including banks issuing credit cards - will be introduced in the Senate by Senator William Proxmire (D-Wis.).

Proxmire, who is chairman of the Senate Financial Institutions Subcommittee, pledged to give the proposed fair credit billing measure top priority. The Senator criticized industry's lack of responsibility in correcting billing errors. "Many of this country's largest and most prestigious credit card companies have shown themselves to be completely incapable of correcting even the most simple billing error," Proxmire charged. "Many consumers have had to spend months and even years to clear up the companies' mistakes." Proxmire noted that the companies claim they give prompt and personal attention to all letters - that only in rare instance do they let customer inquiries slip by.

However, the Wisconsin Democrat noted that some of the cases that have come to his attention are "so fantastic as to suggest that either firms have no systematic procedures for handling errors or are attempting to blackmail consumers into paying debts they did not incur."

AN INCREASE IN THE AMOUNT OF WEEKLY SALARY that must be paid to executive, administrative and professional employees in order to exempt them from the premium overtime pay requirements of the Fair Labor Standards Act was recently announced by the Labor Department. Under the new rules, which became effective on February 21, executive and administrative employees must be paid salaries of at least \$125 per week and professional employees must get at least \$140 per week on a salary or fee basis to qualify for the exemption. The minimum rates, set in 1963, were \$100 and \$115, respectively.

GENERAL MARKET NEWS FROM MERRILL LYNCH - Yields of U.S. Treasury bills were lower this week ranging from 15 to 33 basis points. Dealer volume on a daily average basis increased by \$600 million from the previous week. At Thursday's auction the 274-day bills due March 11, 1971, were awarded at an average discount rate of 7.069% (7.352% last month) and the 98-day bills due June 30, 1971, sold at an average discount rate of 7.079% (7.277% a week ago). At Monday's regular weekly auction the 3-month bills due September 24, 1970, were awarded at an average discount rate of 6.626% (6.733% last week). The 6-month bills due November 24, 1970, sold at an average discount rate of 6.929% (6.947% a week ago).