



U.S. Department of Justice

UNICOR

Federal Prison Industries, Inc.

Washington, DC 20534

March 27, 2002

Office of the Secretary
Room 159
Federal Trade Commission
600 Pennsylvania Ave., NW
Washington, DC 20580

Re: Comments on Federal Trade Commission's Proposed
Telemarketing Sales Rule, 16 CFR Part 310

Dear Sir/Madam:

This is in response to the Federal Trade Commission's (FTC) proposed Telemarketing Sales Rule in which the FTC has solicited comments on whether prison-based telemarketing should be banned as an abusive practice. The FTC indicates in comments provided under the proposed rule that the record compiled to date contains insufficient information upon which to base a proposal regarding prisoner-telemarketing or to assess the costs and benefits of such a proposal. We commend FTC's efforts to seek additional information and to ensure that appropriate measures are in place concerning the use of inmates as telemarketers. We do not believe, however, that a complete ban on the use of inmates as telemarketers is appropriate.

Federal Prison Industries, Inc. which operates under the trade name "UNICOR," is a wholly owned government corporation within the Department of Justice, Federal Bureau of Prisons (BOP). UNICOR was created in 1934 to provide employment and training opportunities to inmates in federal custody. UNICOR is the BOP's most important correctional program to relieve inmate idleness and to ensure the orderly operation of federal prisons. UNICOR provides inmates with training and experience to develop job skills and a work ethic, which can help to prepare inmates for successful reintegration into the community and improves the likelihood that inmates will remain crime free upon their release from prison. A comprehensive study conducted by the BOP, titled the Post Release Employment Study, demonstrates that work programs provide inmates with an opportunity to develop work ethics and skills and that such programs contribute substantially

to lower recidivism and increased job-related success for inmates upon their release. In addition, the money earned by inmates working in UNICOR is used to offset the costs of incarceration by taxpayers and to provide restitution to victims. Pursuant to its authority, FPI produces over 80 products and services for its customers, who are primarily federal agencies. UNICOR is also legally permitted to sell services to private sector entities. Such services could include data entry, distribution, packaging, call centers, and telemarketing.

UNICOR does not currently utilize federal inmates as telemarketers, as telemarketing is defined in the proposed rule (i.e., a plan... which is conducted to induce the purchases of goods or services or a charitable contribution...). Inmates are used for calling UNICOR's established Federal Government customers, as well as contacting commercial vendors which support UNICOR's federal sales. We would not want to jeopardize UNICOR's future ability to use inmates, in selected circumstances, to provide telemarketing services, service-related feedback, general information, and problem resolution assistance to callers.

The proposed Telemarketing Sales Rule contains an exemption for most telephone calls between a telemarketer and businesses, See Section 310.6(g). It is easy to see that business-to-business telemarketing applications would not create the types of abuse described. Nor would inter-governmental applications, as prisoners do not have access to credit card/financial information. UNICOR currently uses inmates to verify customer information and conduct surveys on products received. There is great benefit to using inmates to provide service-related feedback, general information and product resolution assistance to callers with definite objectives.

We support FTC's goals of ensuring that appropriate protective measures are in place. We do not, however, believe that a complete ban prohibiting inmates from serving as telemarketers is appropriate. As you may know, FPI already takes extensive protective measures to ensure that inmates are not able to inappropriately utilize information in its service operations. A complete ban on inmate telemarketers is not necessary if appropriate protective measures are already in place. There are many positive benefits derived from inmate programs, and such programs are particularly important in light of the growing inmate population.

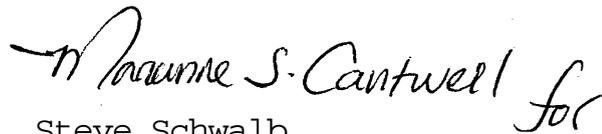
We support the implementation of appropriate protective measures, such as stringent call monitoring/screening mechanisms and measures to ensure that private information, such as credit

card numbers, are not able to be obtained by inmates. Should any abuse be found, immediate corrective action should be taken. Further, great care should be taken to hire only appropriate inmates and the best qualified.

In conclusion, since there are many legitimate benefits to be attained through use of inmates as telemarketers, banning the practice altogether is too restrictive and would unduly impact viable prison programs. Proposing disclosure requirements or screening and monitoring requirements to govern prison-based marketing seems by far the more sensible approach. It is our position that these alternatives would provide adequate protection to the public against misuse of personal information and abusive telemarketing practices.

Should you have any questions concerning these comments, please do not hesitate to contact me or Marianne Cantwell, General Counsel at (202) 305-3500.

Sincerely,

A handwritten signature in cursive script that reads "Marianne S. Cantwell for".

Steve Schwalb
Chief Operating Officer
Federal Prison Industries, Inc.