

FOR IMMEDIATE RELEASE

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NH SECURITIES BUREAU INITIATES ACTION TO CURTAIL TELEMARKETING ABUSES

CONCORD, NH (April 11, 2013) - The New Hampshire Bureau of Securities Regulation today issued an order against Edward Jones, a broker-dealer based in St. Louis, Missouri, for violations of telemarketing restrictions established by the Financial Industry National Regulatory Association (FINRA). The time-period of the alleged violations is from January 1, 2011 to the present. For the past year, the Bureau has been investigating a complaint received from an eighty-year-old woman from Somersworth, NH, who received a cold call from an Edward Jones agent. The Bureau has determined through its investigation that Edward Jones repeatedly violated the FINRA telemarketing restrictions by placing sales and marketing calls to New Hampshire residents whose phone numbers were registered on the National Do Not Call Registry. According to telemarketing restrictions, a securities firm may place calls to numbers registered on the National Do Not Call Registry only when certain exceptions apply. What the Bureau found was that in many instances Edward Jones could not establish such an exception due to confusing and inconclusive record keeping. The Bureau also found that a sampling of persons called disputed that they ever gave Edward Jones or its agents permission to call.

As part of applicable telemarketing restrictions, securities firms are required to keep an up-to-date copy of the National Do Not Call Registry as well as a separate firm-specific list of individuals that have informed the firm that they do not wish to be called. During its investigation, the Bureau found that Edward Jones had entered only two New Hampshire firm specific numbers since 2007, leading the Bureau to believe that such requests are seldom honored. Without exception, firm-specific numbers cannot be called for telemarketing purposes.

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The Bureau's investigation was substantially aided by the Federal Trade Commission's (FTC) Consumer Sentinel Network. The Consumer Sentinel Network web site is a secure web site that allows persons receiving unwanted calls to file complaints with the FTC. The Consumer Sentinel Network alerted the Bureau to hundreds of complaints nationally against Edward Jones far and above the number received by many other national broker-dealers. Through its investigation, the Bureau learned that Edward Jones relies heavily on telemarketing to acquire new business and that inadequate systems exist at Edward Jones to monitor telemarketing activities and to prohibit unwanted calls. The Bureau also learned that Edward Jones has and continues to rely heavily on the personal relationship exception to the FINRA do not call restrictions, and that Edward Jones' training materials suggest that a personal relationship can be established by going to the consumer's home without invitation. The Bureau concluded that this conduct is problematic since a mere appearance at a consumer's residence without a clear record of what took place is insufficient in itself to constitute the creation of a personal relationship and that the law prohibits such conduct. "It is clear from both legislative and rulemaking history that the personal relationship exception was never intended to be used in this fashion," said Bureau Staff Attorney Adrian LaRochelle. LaRochelle added that "the National Do Not Call Registry was created to protect consumers from the dangers posed by incessant telemarketing and should be taken seriously. Edward Jones has devised training and procedures that attempt to circumvent many telemarketing restrictions and the protections they offer."

According to Deputy Director, Jeffrey Spill, "regulators need to work extra hard to ensure that securities firms honor do not call restrictions, for investor protection." Spill also said that, "recently, significant Bureau resources have been expended on cases involving cold calling, which indicates a growing problem in this area."

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