

retske REPORT



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editor in chief

ELECTION YEAR, POLITICS & PREPAID

Unless your television has been broken for the last couple of months, or you have been in a deep coma, you are fully aware we are well into the Election Swing here in the US. It is almost impossible to turn on your television today without seeing President Bush landing on an aircraft carrier or Howard Dean doing his James Brown impression. It is an almost cruel twist of fate that our most intense election cycle, which occurs every four years, also falls in a leap year, when we happen to have an extra day. Just what we probably don't need is yet one more day of electioneering and politicking, but the Founding Fathers saw otherwise.

National political parties did not exist in their day, in fact the very subject of whether political parties should exist at all was hotly debated amongst the framers of the Constitution. None of them were really enamored of the idea, calling them "factions," but Madison and Hamilton finally agreed that it was probably more damaging to the cause of liberty if the government were to censor factions, than the harm they could do. Less than a decade later, Washington warned about the "ill concerted and incongruous projects of faction" in his Farewell Address.

Whether you believe in political parties, the election process and politicians don't really matter, the potential effects of this year's election will have consequences in the prepaid industry. We are an industry that is already heavily regulated, incredibly taxed and watched, monitored and ridden rough shot over by hundreds of federal, state and local agencies. I think a case could be made that the prepaid industry is the most regulated industry that exists today. At the very least, one would have to grant the regulation regarding prepaid is unbelievably complex, convoluted and fragmented.

Just look at what it takes to get approval to sell prepaid products. Technically, if you get one nationwide 800 number for access, and the service has the capacity for delivering calls nationwide, you have to secure regulatory approval in fifty states and with the FCC. Maybe there is another industry that has this degree of oversight, but I can't think of one. Drug companies? One agency, the FDA, makes the majority of the decisions. The airline industry? They only have to get approval in states where they actually do land or take off. Trucking? Same thing. And on and on. The prepaid industry is clearly one of the most regulated businesses around.

Hard as it may be to imagine, when you have this many governmental bureaucracies involved, there is overlap and contention. Chaos reigns supreme. Just look at the issues with VoIP. New York says they are going to regulate it. Minnesota

tried, but a judge stepped in. California started the process, and backed off when the FCC said they were going to get involved.

And, how about DAC? Are you happy with the way this turned out? You are? Then you must be a pay phone provider, or an accountant. No one in the prepaid industry is pleased about this. How many times has this one issue gone back and forth? And, it's not done yet. The FCC concedes that the probability is high that someone will again get some court to step in and act. If not, wait until you have a chance to fully assess what you have to do to satisfy this beast. If that doesn't get your attention, nothing will.

The fact is, all laws, regulations, and rules for this industry start with the political process. The legislators and executives are elected via the political process, and they appoint the regulators (in some places they are elected, too.) So it all starts with politics. Why do you think that LECs and big carriers almost always get what they want? They have money to contribute via PACs to politicians, hire flashy lobbyists to promote their interests, and to retain expensive lawyers to litigate whenever they don't get what they want.

Our industry is dominated by relatively small players. The "biggies" come and go over a period of time, even if we don't like to admit it to ourselves. We don't have a lavishly funded association to represent our interests collectively as a group. In fact, our only dedicated industry association, the IPCA, is having a tough time getting itself restarted, despite the efforts of some very dedicated people. But, it needs your support. You. The 99% of you who do not bother to join, pay your dues and get involved in any way. You are the key to this, and if you don't act soon, it will be too late.

Now, as to the political process, you would be well advised to get involved and cast your vote for whomever you think will advance your interest the best. You will probably not hear the word "prepaid" spoken by any candidate during the election process, but if you listen carefully to their message, you may be able to determine whose stand on regulatory issues is likely to be the best for you. If we, at *The Prepaid Press*, happen to hear about any candidates commenting on prepaid issues, which is not too likely, we will pass them on to you. We would appreciate it if you pick up on any in your location, so we can pass that on as well.

Maybe you belong to, or will join a political party, or maybe you will follow Washington's advice and stay independent. That is up to you, but one thing is crystal clear. You better join forces with the "prepaid faction" and support it. Our survival may be on the line. ■

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