



COMDTINST 1740.2G

22 JUL 1992

COMMANDANT INSTRUCTION 1740.2G

Subj: Commercial Solicitation Controls at Coast Guard Units

Ref: (a) Navy Mutual Aid Association, COMDTINST 5760.4 (series)

1. PURPOSE. This Instruction sets forth policy and procedures regarding the solicitation, by commercial activities, of Coast Guard personnel for the transaction of personal business at Coast Guard units.
2. DIRECTIVES AFFECTED. Commandant instruction 1740.2F is cancelled.
3. DISCUSSION. Coast Guard policy is to safeguard and promote the welfare of Coast Guard personnel as consumers and to preserve the efficiency of Coast Guard units by regulating personal commercial solicitation. The solicitation and transaction of commercial business with employees of the Coast Guard while on board Coast Guard units is at the discretion of the commanding officer. Such solicitations and transactions must conform to applicable regulations. Unit commanding officers may impose reasonable restrictions on the character and conduct of commercial activities. Of special concern is the need to assure that Coast Guard personnel are not subject to fraudulent and unethical business practices, and that reasonable and consistent standards are applied to each company and its agents in conducting commercial transactions at the unit.
4. PROCEDURES.
 - a. Coast Guard Units Located in Domestic Areas. Unit commanding officers shall ensure that those seeking to conduct personal commercial transactions on board Coast Guard units in the United States, its territories, and the Commonwealth of Puerto Rico comply with the licensing requirements as well as any other applicable regulatory requirements of the civil authorities with jurisdiction over the area where the unit is located (Federal, State, county, or municipality).

22 JUL 1992

4. b. Coast Guard Units Located in Foreign Countries.

- (1) Prior to granting permission to conduct personal commercial transactions aboard a Coast Guard unit in a foreign country, unit commanding officers shall ensure that the companies and their agents observe the applicable laws of the host country and they meet the licensing requirements of the host country. If the company and its agents also conduct business in the United States, unit commanding officers shall ensure that they also meet the licensing requirements and any other applicable regulatory requirements of the State in which they conduct their principal business.
- (2) The Department of Defense (DoD) annually accredits companies to solicit life insurance on DoD installations in foreign overseas areas. Requirements and procedures for accreditation are located in 32 CFR Part 43. Commanding officers of Coast Guard units located in foreign overseas areas shall ensure life insurance companies are accredited by DoD prior to granting solicitation privileges. Accreditation is not an endorsement of the product, and advertising suggesting endorsement by DoD is prohibited.

c. Applications. Prior to granting solicitation privileges, unit commanding officers shall require companies to submit a letter, signed by a company official, requesting permission to solicit on the unit. The letter shall, as a minimum, contain:

- (1) A statement that the company meets the applicable licensing requirements;
- (2) The names of the individuals who are the company's agents;
- (3) A statement that the company assumes full responsibility for the acts of the agents actually connected with the sale of its products;
- (4) A statement that the company is accredited by DoD to solicit life insurance in foreign overseas areas (if applicable); and
- (5) An acknowledgment that a knowing and willful false statement is punishable by fine or imprisonment (18 U.S.C. 1001).

5. SUPERVISION OF COMMERCIAL ACTIVITIES.

- a. The solicitation of Coast Guard employees and their dependents shall be on an individual basis, at the request of the individual.

22 JUL 1992

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 - b. Unit commanding officers shall present those conducting commercial activities at Coast Guard units with a copy of these regulations and any applicable unit regulations and advise them that disregarding the regulations may result in the withdrawal of solicitation privileges.
 - c. The following solicitation practices are prohibited:
 - (1) The use of any manipulative, deceptive or fraudulent device, scheme or artifice, including misleading advertising and sales literature.
 - (2) Any discriminatory practice by race, color, religion, sex, national origin, or other basis as defined and prohibited by current Federal or Service regulations and directives.
 - (3) Solicitation of recruits, trainees, or other "mass" or "captive" audiences.
 - (4) Military personnel on active duty are expressly prohibited from representing any commercial company for the solicitation of life insurance, mutual funds and other investment plans, commodities, and services on any Coast Guard unit with or without compensation.
 - (5) Any oral or written representations which suggest or give rise to the appearance that the Coast Guard sponsors or endorses the company, its agents, or the goods, services, or commodities it sells.
 - (6) The use of official identification cards by Retired or Reserve members of the Armed Forces to gain access to military units for the purpose of soliciting.
 - (7) The assignment of desk space for interviews other than specific prearranged appointments. During such appointments the agent will not be permitted to display signs announcing name or company affiliation.
 - (8) The use of the "Plan of the Day" or any other notice, official or unofficial, announcing the presence and availability of an agent.
6. DENIAL AND REVOCATION OF ON BOARD SOLICITATION.
 - a. Unit commanding officers shall deny or revoke permission for a company and its agents to conduct commercial activities at the unit for a good and sufficient reason, such as, but not limited to:

22 JUL 1992

6. a.
 - (1) Failure to meet the licensing and other regulatory requirements prescribed by paragraph 4.
 - (2) Commission of any of the solicitation practices prohibited by paragraph 5.c.
 - (3) Substantiated complaints or adverse reports regarding either their quality of goods, services or commodities, the manner in which they are offered for sale, or the method and terms of financing.
 - (4) Knowing and willful violations of the consumer credit protection laws in 15 U.S.C. 1601-1693(r).
 - (5) Personal misconduct by a company's agents or representatives while on the military unit.
 - (6) The possession of or any attempts to obtain allotment forms.
 - (7) Distributing or making available for distribution literature other than to the person being interviewed.
- b. The decision as to whether the denial or revocation action shall be limited to the agent, or whether it shall also be extended to the company, shall depend on the circumstances of the particular case. Unit commanding officers shall consider the nature of the violations, their frequency, the extent to which other agents of the company have engaged in such practices, and any other matters tending to show the company's culpability. Upon denying or revoking solicitation privileges, the agent and the company represented will be promptly notified orally or in writing of the reasons and duration, after which the individual or the company may reapply for permission to solicit. The individual and/or the company represented should be afforded the opportunity to show cause why the denial or revocation should not have been issued. If the grounds for the action bear significantly on the eligibility of the agent and/or the company to hold a State license or to meet other regulatory requirements, the appropriate civil authorities will be notified. If the denial or revocation action should be extended to additional military units, the unit commanding officer shall make this recommendation to Commandant (G-PS) after affording the individual and/or company the opportunity to show cause why it should not be extended.

7. EDUCATION PROGRAMS.

- a. Insofar as practicable, unit commanding officers shall maintain information and implement education programs for the purpose of providing Coast Guard personnel with guidance on the conduct of

22 JUL 1992

7.
 - a. (cont'd) their personal commercial affairs (consumer credit and financing, insurance, Government benefits, savings and budgeting, etc.). Educational materials prepared by outside organizations, expert in this field, may be adapted and used provided such material is entirely educational in nature and does not contain or refer to any particular commercial product, service, or company. Unit commanding officers shall encourage military members and their dependents to seek legal advice before making substantial loan or credit commitments or if they feel they have a complaint under the consumer credit protection laws.
 - b. Nonprofit, voluntary membership associations which are independent, self-insured, and not commercially underwritten or affiliated are exempt from the provisions of this Instruction. This exemption only applies to those organizations which have been granted tax-exempt status under Section 501(c)(23) of the Internal Revenue Code. Commanding officers may enforce those provisions of this Instruction necessary to maintain the efficiency and preparedness of the unit.
 - c. An example of an organization meeting the exemption criteria is the Navy Mutual Aid Association (NMAA). NMAA is a membership association of sea service personnel and their families. Reference (a) provides further information concerning the services available from NMAA.
8. ACTION. Area and district commanders, commanders of maintenance and logistics commands, unit commanding officers, Commander Activities Europe, and Chiefs of Offices, and special staff divisions in Headquarters shall comply with the contents of this Instruction.

/s/
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and Training