



**PROTECTING**  
**Older Consumers**  
— 2017-2018 —  
A Report of the Federal Trade Commission

Federal Trade Commission | Report to Congress  
October 18, 2018



# Protecting Older Consumers

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## **FEDERAL TRADE COMMISSION**

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# I. Introduction

As the nation’s primary consumer protection agency, the Federal Trade Commission (“FTC” or “Commission”) has a broad mandate to protect consumers from unfair, deceptive, or fraudulent practices in the marketplace.<sup>1</sup> It does this by, among other things, filing law enforcement actions to stop unlawful practices and educating the public about consumer protection issues. Through strategic initiatives, research, and collaboration with federal, state, international, and private sector partners, the FTC targets its efforts to achieve the maximum benefits for consumers, including older adults.<sup>2</sup>

The Commission’s anti-fraud program tracks down and stops some of the most pernicious frauds that prey on U.S. consumers, such as imposter scams, deceptive credit schemes, prize promotion fraud, business opportunity scams, and more. In addition, the advertising substantiation program protects consumers from the harm caused by unsubstantiated product claims, such as fake opioid addiction treatments and cancer cure products. The agency also works to protect consumer privacy and data security, combat illegal telemarketing and email spam, and enforce a variety of consumer protection rules and other statutes covering topics such as funeral industry practices,<sup>3</sup> used car sales,<sup>4</sup> and consumer product warranty protections,<sup>5</sup> to name only a few. These programs provide tremendous benefits to older and younger consumers.<sup>6</sup>

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<sup>1</sup> The FTC has wide-ranging law enforcement responsibilities under the Federal Trade Commission Act, 15 U.S.C. § 41 *et seq.*, and enforces a wide variety of other laws ranging from the Telemarketing and Consumer Fraud and Abuse Prevention Act to the Fair Credit Reporting Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws. See <http://www.ftc.gov/ogc/stats.shtm>.

<sup>2</sup> The FTC’s Bureau of Competition also serves older adults through its competition work in various sectors of the economy, such as prescription drug competition. See Press Release, *FTC Submits Statement to HHS on Its Blueprint to Lower Drug Prices* (July 17, 2018) available at <https://www.ftc.gov/news-events/press-releases/2018/07/ftc-submits-statement-hhs-its-blueprint-lower-drug-prices>. This report will focus on the Bureau of Consumer Protection’s work to protect older adults.

<sup>3</sup> See Press Release, *FTC Undercover Inspections of Funeral Homes in Nine States Prompt Compliance with Funeral Rule Disclosure Requirements*, (Feb. 16, 2017) available at [www.ftc.gov/news-events/press-releases/2017/02/ftc-undercover-inspections-funeral-homes-nine-states-prompt](http://www.ftc.gov/news-events/press-releases/2017/02/ftc-undercover-inspections-funeral-homes-nine-states-prompt).

<sup>4</sup> See Press Release, *FTC, Partners Conduct First Compliance Sweep under Newly Amended Used Car Rule*, (July 12, 2018) available at [www.ftc.gov/news-events/press-releases/2018/07/ftc-partners-conduct-first-compliance-sweep-under-newly-amended](http://www.ftc.gov/news-events/press-releases/2018/07/ftc-partners-conduct-first-compliance-sweep-under-newly-amended).

<sup>5</sup> See Press Release, *FTC, FTC Staff Warns Companies that It Is Illegal to Condition Warranty Coverage on the Use of Specified Parts or Services*, (April 10, 2018) available at <https://www.ftc.gov/news-events/press-releases/2018/04/ftc-staff-warns-companies-it-illegal-condition-warranty-coverage>.

<sup>6</sup> The impact of the FTC’s consumer protection work is significant. In fiscal year 2018, the FTC filed 48 new complaints in federal district court and obtained 84 permanent injunctions and orders requiring defendants to pay more than \$226.8 million in consumer redress or disgorgement of ill-gotten gains. Defendants also were required to pay approximately \$40.5 million under three civil contempt orders. In addition, cases referred to DOJ resulted in 11 court judgments imposing civil penalties of approximately \$3.2 million. The FTC also issued 16 new administrative complaints and entered 20 administrative orders.

Protecting older consumers in the marketplace has been a top FTC priority for decades.<sup>7</sup> Unfortunately, in numerous FTC cases, older adults have been targeted or disproportionately affected by fraud. For example, the FTC has seen schemes targeting Medicare recipients;<sup>8</sup> a robocall interest rate reduction scheme touting a purported special government program for senior citizens;<sup>9</sup> and advertising claims for brain training programs that allegedly combat cognitive impairment associated with aging.<sup>10</sup> Further, as described in Section II.A, older adults report some of the highest dollar losses to certain types of fraud.

According to U.S. Census Bureau projections, by 2030 more than 20 percent of U.S. residents will be over age 65, compared to 13 percent in 2010 and 9.8 percent in 1970.<sup>11</sup> The baby boomer generation, which is driving the growth of the older population, is expected to live longer than earlier generations of older adults but have a more challenging economic situation.<sup>12</sup> As the population of older Americans grows rapidly, the FTC's aggressive efforts to bring law enforcement action against scams that affect them, as well as provide useful consumer advice, become increasingly vital.

The FTC submits this report to the Committees on the Judiciary of the United States Senate and the United States House of Representatives to fulfill the reporting requirements of Section 101(c)(2) of the Elder Abuse Prevention and Prosecution Act, Public Law 115-70, 115th Congress (enacted Oct. 18, 2017). This law requires the FTC Chairman to file a report listing the FTC's enforcement actions "over the preceding year in each case in which not less than one victim was an elder or that involved a financial scheme or scam that was either targeted directly toward or largely affected elders." Appendix A to this report lists almost all of the FTC's enforcement actions over the preceding year. As discussed in Section III, given the large number of consumers affected in FTC actions and the likelihood that

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During FY18, the FTC returned more than \$83.3 million to consumers, and sent an additional \$8.5 million to the U.S. Treasury.

<sup>7</sup> This report will refer to persons 60 and older when using the terms "older adults," "older consumers," "seniors," or "elderly" to be consistent with the requirements in Section 2(1) of the Elder Abuse Prevention and Prosecution Act, which references Section 2011 of the Social Security Act (42 U.S.C. 1397j(5)) (defining "elder" as an individual age 60 or older).

<sup>8</sup> *FTC v. Sun Bright Ventures LLC*, No. 14-CV-02153-JDW-EAJ (M.D. Fla. Oct. 2, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3217/sun-bright-ventures-llc-gmy-llc>.

<sup>9</sup> *FTC v. Life Management Services of Orange County, LLC*, No. 6:16-cv-982-Orl-41TBS (M.D. Fla. June 8, 2016), available at <https://www.ftc.gov/enforcement/cases-proceedings/152-3216/life-management>.

<sup>10</sup> *FTC v. LearningRx Franchise Corp.*, No. 16-cv-01159-RM (D. Colo. May 24, 2016), available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3206/learningrx-franchise-corp>.

<sup>11</sup> Sandra L. Colby and Jennifer M. Ortman, U.S. Dept. of Commerce, U.S. Census Bureau, *Projections of the Size and Composition of the U.S. Population: 2014 to 2060*, March 2015, at 1, available at [www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf](http://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf).

<sup>12</sup> See comments of Marguerite "Marti" DeLiema, Stanford Center on Longevity. FTC Workshop, *The Changing Consumer Demographics* (Dec. 6, 2016), workshop material, including transcripts available at <https://www.ftc.gov/news-events/events-calendar/2016/12/changing-consumer-demographics>, M. DeLiema Tr. at 19-20 (discussing the changes in life expectancy, the increased time spent in retirement, and the lack of financial safety net for many people later in life).

almost every action included at least one consumer 60 years or older, this list includes almost every administrative and federal district court action filed in the one-year period. In addition to the list, the FTC files this report to provide detail on the agency’s strategic initiatives to protect older consumers, its law enforcement actions that noted an impact on older adults, and its targeted consumer education and outreach.

## II. Developing Effective Strategies to Protect Older Consumers

The ubiquity of consumer scams and the FTC’s limited resources demand that the Commission target its vigorous law enforcement and outreach efforts strategically, and cooperate with other law enforcers and stakeholders to broaden the agency’s reach and improve its effectiveness. The FTC conducts research and analysis and engages in coordinated efforts to protect older adults from financial loss and assist them with other consumer issues such as identity theft protection.

### A. Research and Data Analysis

The FTC’s last fraud survey found that 10.8 percent of adults in the United States—an estimated 25.6 million people—were victims of one or more of the frauds included in the survey.<sup>13</sup> That same research demonstrated that, contrary to popular thinking, older Americans are not necessarily defrauded at higher rates than younger consumers for the surveyed frauds.<sup>14</sup> Nevertheless, certain types of scams are more likely to affect certain groups. For example, older adults in the survey (ranging in age from 55 to 74) were more likely to be victims of fraudulent prize promotions than were younger consumers. The FTC is currently working on an updated fraud survey to provide additional analysis and insights on the prevalence of certain consumer frauds on various demographic groups.<sup>15</sup>

The FTC also collects and analyzes consumer report information through its Consumer Sentinel Network (“Sentinel”) to inform its consumer protection mission. Sentinel is an online database that provides federal, state, and local law enforcement agencies with secure access to consumer reports on a wide variety of fraud-related topics. Law enforcement agencies and other organizations<sup>16</sup> contribute consumer reports to the database, which is searchable by criteria such as the name, address, and telephone number of entities consumers report, and various types of fraud. Using Sentinel, the FTC and

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<sup>13</sup> Keith Anderson, Bureau of Economics Staff Report, *Consumer Fraud in the United States, 2011: The Third FTC Survey*, at 56-59 (Apr. 2013), available at <https://www.ftc.gov/reports/consumer-fraud-united-states-2011-third-ftc-survey> (hereinafter “FTC Fraud Survey”).

<sup>14</sup> *Id.*

<sup>15</sup> See Press Release, *FTC to Conduct Consumer Fraud Survey*, (Mar. 25, 2016), <https://www.ftc.gov/news-events/press-releases/2016/03/ftc-conduct-consumer-fraud-survey>.

<sup>16</sup> A list of Sentinel data contributors, including the U.S. Senate Special Committee on Aging and the AARP Fraud Watch Network, is located at <https://www.ftc.gov/enforcement/consumer-sentinel-network/data-contributors>.

its law enforcement partners can analyze reports filed by older adults to look for patterns and trends, identify problematic business practices and enforcement targets, and develop cases against targets under investigation.

During 2017, Sentinel took in nearly 2.7 million reports from consumers directly and through its data contributors (Fraud: 1.1 million; Identity theft: 371,000; Other: 1.2 million). Of the 1,138,306 total fraud reports in 2017, 49% included consumer age information.<sup>17</sup> Analysis of the consumer reports filed by those indicating their age provides insights for the FTC into the issues facing older consumers.

## 1. The Number of Reports and the Amount of Money Lost by Older Adults

Sentinel report data suggest that older adults are good at reporting frauds they encounter. In 2017, older adults were *more likely* to report fraud to Sentinel than younger people, and in those reports, indicated *less frequently* that they had lost money. But as detailed below, while consumers ages 20-59 *more frequently* report losing money in their complaints, older adults reported much higher dollar losses, individually, than younger consumers.

To compare Sentinel fraud reports filed by seniors and younger consumers, it is helpful to look at the data for the age groups relative to the population size by age.<sup>18</sup> Figure 1 shows the number of reports filed per million consumers in each age group. The yellow line shows the average rate of reports.<sup>19</sup> All three age brackets of older adults (those ages 60 and older) filed reports at a higher rate than younger age groups. In fact, consumers in their sixties filed reports at almost twice the rate of those in their twenties—those ages 60-69 filed about 3,000 reports per million people, as compared to about 1,500 for those ages 20-29.

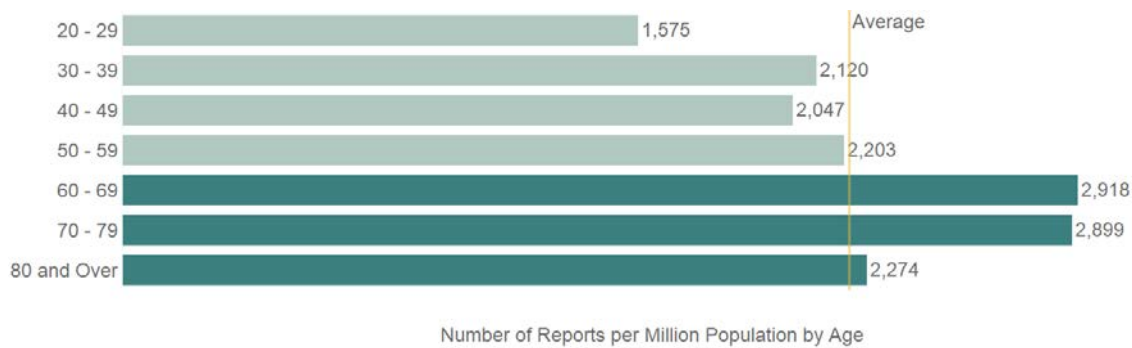
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<sup>17</sup> Federal Trade Commission Report, *Consumer Sentinel Network Data Book January – December 2017* (“FTC Sentinel Data Book”) at 13 (March 2018), available at [https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-2017/consumer\\_sentinel\\_data\\_book\\_2017.pdf](https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-2017/consumer_sentinel_data_book_2017.pdf). Consumer Sentinel data is self-reported, and not a survey. As noted, not all consumers provide information about their age, payment method, amount of dollar loss, etc.

<sup>18</sup> This report refers to this practice as having “normalized” the data, using population numbers obtained from the U.S. Census Bureau. U.S. Census Bureau, *Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties and Puerto Rico Commonwealth and Municipios* (June 2018), available at <https://www.census.gov/data/tables/2017/demo/popest/nation-detail.html>.

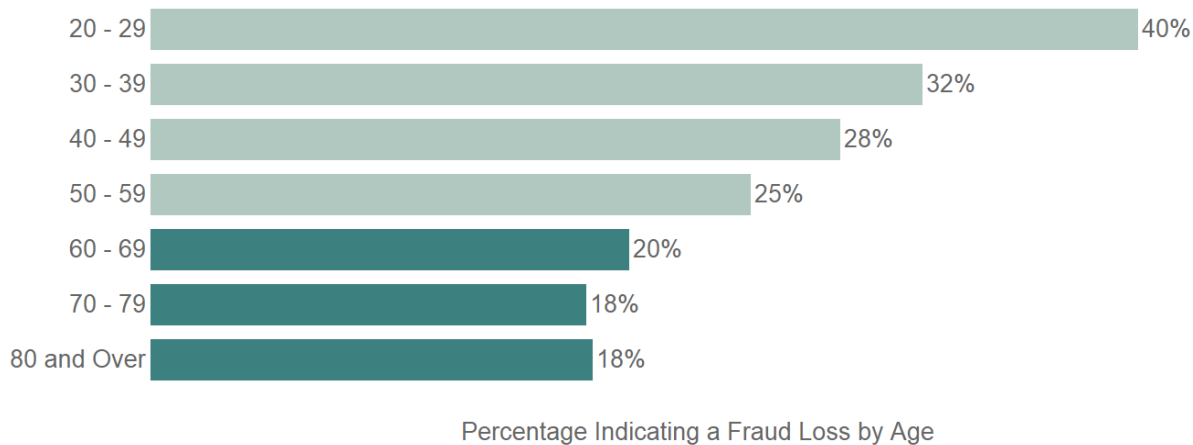
<sup>19</sup> Average line calculated based on the total number of reports filed by people ages 20 and over and the total population ages 20 and over.

**FIGURE 1: CONSUMER FRAUD REPORTS PER MILLION BY AGE<sup>20</sup>**



As the 2017 Sentinel data in Figure 2 below shows, when younger people reported fraud, they were far more likely than older adults to report losing money. Figure 2 shows the contrast between seniors and younger people in the percentage of reports that indicated a monetary loss. When consumers ages 20-29 filed reports, they were more than twice as likely as seniors to indicate a monetary loss. In fact, those in their twenties reported losing money 40% of the time, while those ages 60 and older indicated a monetary loss just 18-20% of the time.

**FIGURE 2: PERCENTAGE OF REPORTS INDICATING A MONETARY LOSS BY AGE<sup>21</sup>**



The Sentinel data does not explain why older adults are more likely to report fraud. Seniors may be targeted more by fraudsters, be more knowledgeable about where to report, be more interested and willing to help fight fraud, or there may be some combination of these or other factors driving their

<sup>20</sup> Data normalized with age group population data from the U.S. Census Bureau. This includes reports where no money was reported lost as well as reports with a loss.

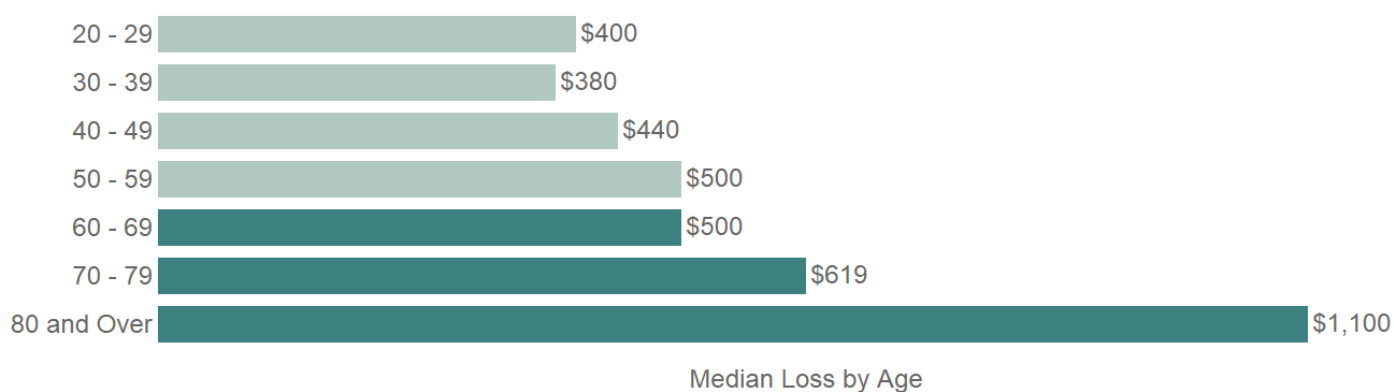
<sup>21</sup> Percentages calculated based on the number of fraud reports indicating a monetary loss in each age group divided by the total number of fraud reports filed by the age group.



relatively high reporting activity. Further, while the data suggest that older consumers are less likely to report having lost money when exposed to fraudulent offers than younger consumers, younger consumers may also be more inclined to file fraud reports only in instances where they suffered a financial loss. Notably, the FTC’s fraud survey also found that the rates of victimization for the various categories of frauds included in the survey were generally lower for those 65 and older than for younger consumers.<sup>22</sup> Whatever the cause, the FTC remains concerned about fraud victimization across all age groups and appreciates the contributions from older consumers in reporting fraud.

None of this suggests that older consumers need fewer protections. To the contrary, the Sentinel data shows significant individual financial losses reported by older consumers, particularly those age 80 and older. In 2017, the largest individual losses to fraud were reported by older consumers. Figure 3 shows that when they reported a monetary loss, people ages 60 and older reported much higher median losses than the younger age groups. In fact, consumers ages 80 and older report the largest median losses of \$1,100, over twice the median loss amount reported by each of the age groups under age 60.

**FIGURE 3 MEDIAN INDIVIDUAL MONETARY LOSS REPORTED BY AGE<sup>23</sup>**



Many possible explanations could account for the reported difference in the dollar loss between those age 80-plus and younger consumers. Factors, such as the fact that some older adults may have access to more assets through retirement accounts or home equity,<sup>24</sup> or even access to regular social security or pension benefit payments, could explain some of the monetary loss differences. Other factors, such as instances where older adults have less social support than younger adults, or the onset of cognitive

<sup>22</sup> FTC Fraud Survey at 56-59.

<sup>23</sup> Median losses calculated based on reports in each age group indicating a monetary loss of \$1 to \$999,999.

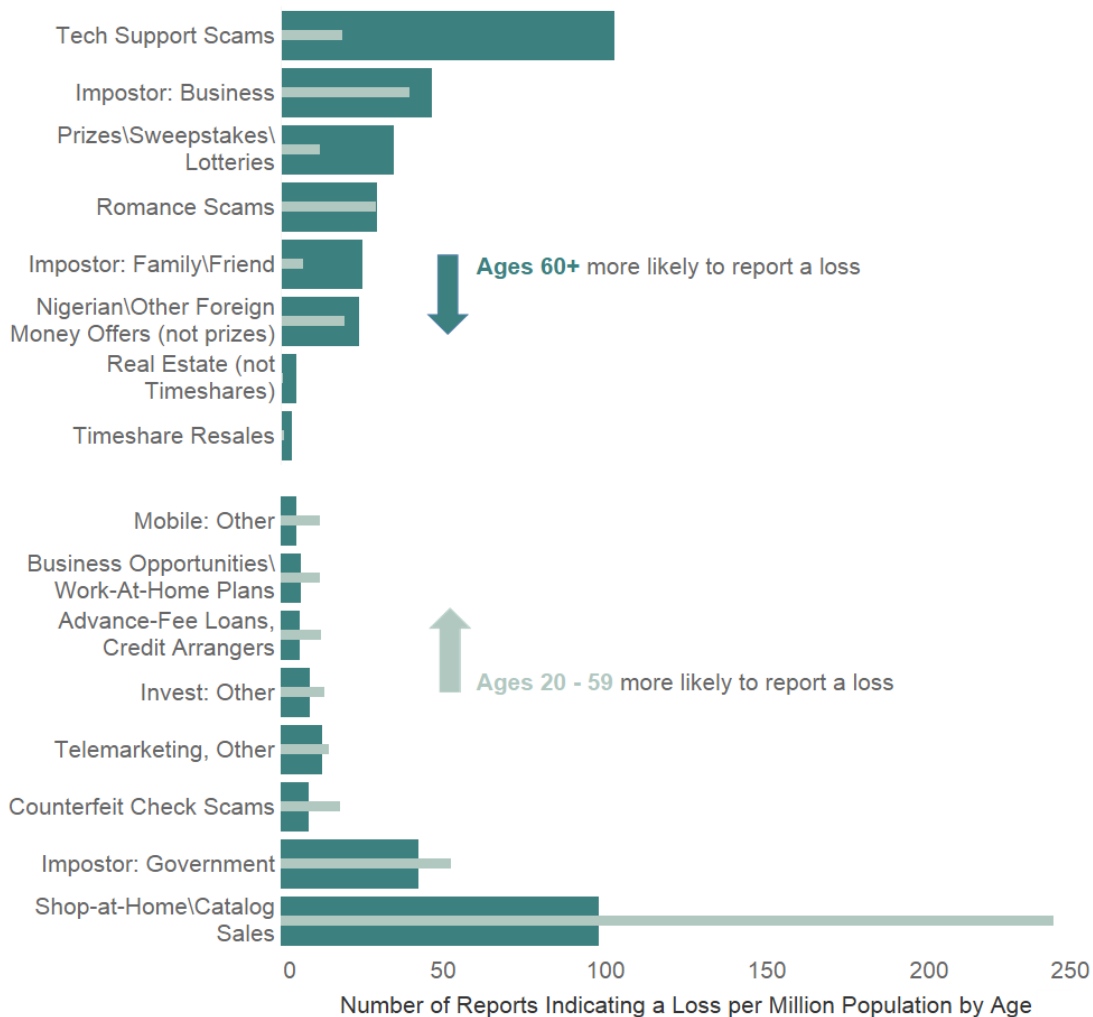
<sup>24</sup> Federal Reserve Bulletin, *Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances*, at 13 (Sept. 2017), available at <https://www.federalreserve.gov/publications/files/scf17.pdf>.

decline diseases could account for some differences between younger consumers and those 80 years and older. However, as discussed below, the disparity may also be explained in part by generally higher median losses by all ages to the fraud types seniors report more frequently.

## **2. The Top Fraud Types, Methods of Contact, and Payment Methods Reported by Older Adults**

The 2017 reports to Sentinel show that seniors are more likely than younger people to report financial losses to certain types of schemes, such as technical support scams, prizes/sweepstakes/lottery scams, family and friend imposter frauds, and real estate and timeshare resale offers. Figure 4 illustrates the number of reports for various types of frauds in which consumers indicated they lost money. The dark teal bar represents loss reports filed by consumers over age 60, while the narrow light green bar represents loss reports filed by consumers ages 20-59. For comparison purposes, the data has been normalized to show the number of reports with a loss per million people in each age group. Figure 4 illustrates that seniors were about five times more likely to report losing money to tech support scams than younger consumers. However, seniors were *less* likely than younger people to report losing money to shop-at-home or catalog sales and frauds such as government imposter scams, counterfeit checks, and others. Interestingly, younger consumers and older consumers filed complaints about losing money to romance scams at about the same rate. This data helps the FTC and other law enforcement agencies identify the types of scams causing the greatest harm to consumers over age 60, which in turn helps the agencies focus their enforcement efforts and consumer education initiatives.

**FIGURE 4: LOSS REPORTS BY AGE AND TYPE<sup>25</sup>**



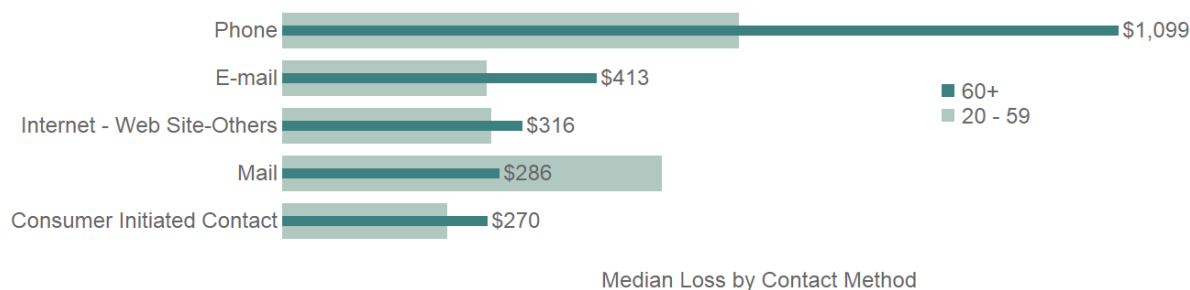
Median losses reported to Sentinel vary considerably by fraud type. Higher median losses reported by seniors may be partially explained by differences in the types of fraud they experienced. For example, median losses to scams such as real estate and timeshare resale, both of which disproportionately harm seniors, are among the highest median dollar losses reported in Sentinel. In contrast, median losses to shop-at-home offers, which are heavily reported by younger people, are among the lowest median dollar losses reported. But, even when median losses are compared by age and fraud type, seniors report higher losses for most frauds tracked in Sentinel. For example, the median reported loss to

<sup>25</sup> Data normalized with age group population data from the U.S. Census Bureau. For a detailed description of each of these fraud types see Appendix B.

prizes/sweepstakes/lottery scams is \$1,300 for seniors ages 60 and over, but only \$431 for younger people.

Telephone scammers are a tremendous problem for consumers of all ages. People ages 60 and older who reported a fraud loss reported that the phone was the top method of contact by the scammers. In addition, the 2017 Sentinel data shows that seniors reported far greater median losses to phone scams than their younger counterparts (Figure 5). The dark teal line on Figure 5 represents the median dollar loss seniors reported in the fraud complaints where they identified a method of contact, while the light green bar represents the median dollar loss reported by consumers younger than 60.

**FIGURE 5: MEDIAN LOSS REPORTS BY AGE AND METHOD OF CONTACT<sup>26</sup>**



Consumer reports in Sentinel can also include information about the method of payment. The first column in Figure 6 shows that seniors most often reported paying money to a fraud with a credit card, wire transfer, or gift card/reload card (“Prepaid Card”).<sup>27</sup> The second column of Figure 6 shows the aggregate dollar losses seniors reported for the top five payment methods.<sup>28</sup> In 2017, people ages 60 and older paid \$104 million via wire transfer to fraudulent schemes, far surpassing the amounts they reported paying through any other payment method. Again, this data helps law enforcers identify areas where attention is warranted, as the FTC’s recent action against Western Union shows.<sup>29</sup>

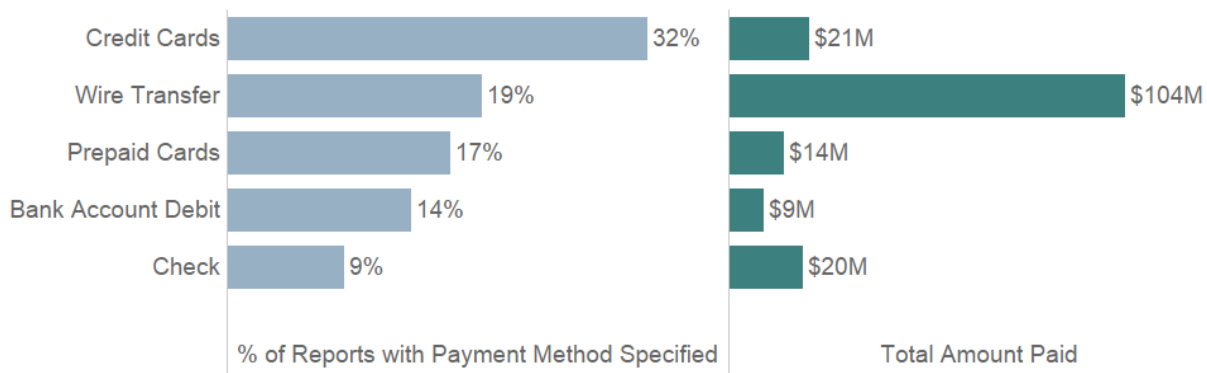
<sup>26</sup> Median losses calculated based on reports in each age group indicating a loss of \$1 or more.

<sup>27</sup> For the purposes of this report, gift cards and cards that can be used to reload funds, such as MoneyPak, are referred to as prepaid cards.

<sup>28</sup> The top reported payment methods for all fraud reports in 2017 were wire transfer, credit cards, prepaid cards, bank account debit, and Internet/mobile. See FTC Sentinel Data Book at 11.

<sup>29</sup> See *FTC v. The Western Union Company*, No. 1:17-cv-00110-CCC (M.D. Pa. Jan. 19, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3208/western-union-company>.

**FIGURE 6: TOP PAYMENT METHODS AND TOTAL AMOUNT PAID (AGES 60 AND OVER)<sup>30</sup>**



The FTC monitors Sentinel data for these and other important trends to inform its strategies for protecting older adults. Significant improvements to the Sentinel system in the past two years have contributed to the agency’s efforts to identify enforcement targets strategically and enhance the agency’s education messages, often providing topics for the FTC’s Scam Alerts.<sup>31</sup> Outreach efforts with stakeholders, described below, further improve the system by increasing the number of reports from consumers.

## B. Coordinated Efforts to Protect Older Consumers

The FTC’s Every Community Initiative leads the agency’s strategic planning for the protection of older consumers. Recognizing the principle that fraud disproportionately affects certain populations, the initiative examines the impact on different groups of consumers, including older adults, military service members and veterans, African Americans, Latinos, Asian Americans, Native Americans, and other groups. The program uses research and input from stakeholders to develop strategies for prevention, inform the agency’s law enforcement program, and expand outreach to such communities. These connections have helped us identify potential enforcement actions and partner with trusted sources working in communities to share prevention materials. Our partnerships across the country have been

<sup>30</sup> The total 2017 fraud loss reported by consumers ages 60 and older (including reports to the FTC and all data contributors) was \$252 million. Wire transfer companies MoneyGram International and Western Union, and prepaid card provider Green Dot, contribute a significant number of reports to Sentinel each year. To avoid distorting the number of complaints reporting certain payment methods, Figure 6 excludes data provided by data contributors.

<sup>31</sup> For example, the FTC recently issued a Data Spotlight highlighting the rising number of fraud reports involving gift cards. Although it applies to all age groups, this Spotlight demonstrates how the agency uses consumer reports to identify areas of concern. See FTC, Consumer Protection Data Spotlight, *Scammers Increasingly Demand Payment by Gift Card*, (Oct. 16, 2018) available at <https://www.ftc.gov/news-events/blogs/data-spotlight/2018/10/scammers-increasingly-demand-payment-gift-card>.

extremely valuable as the FTC further develops strategies to protect older adults in a wide range of communities from financial loss.

The FTC has hosted two workshops in the past four years looking at how fraud affects every community and the impact of changing demographics on the FTC’s consumer protection mission.<sup>32</sup> Both workshops included presentations by experts working with older adults, who discussed the challenges of protecting them from fraud. In addition, the agency has held nearly 60 Common Ground conferences and Ethnic Media briefings around the country since 2010 to engage local media and stakeholders—including local law enforcement officials, legal services providers, and community-based organizations—in the ongoing conversation about how to do more to protect consumers.<sup>33</sup> These convenings have been critical as the agency refines its strategy for protecting older adults in all communities.

The FTC coordinates with federal, state, and international law enforcement agencies, including those with criminal authority, leveraging resources to track down fraudsters and build actions to stop them. The FTC, with the Department of Justice (“DOJ”), organizes and participates in the International Mass Marketing Fraud Working Group, a multilateral network of agencies that enforces laws prohibiting mass marketing fraud. The Working Group has been pivotal in enforcement actions against entities that have allegedly defrauded millions of elderly consumers out of hundreds of millions of dollars.<sup>34</sup> Most recently, the FTC partnered with DOJ and other law enforcement agencies in the nationwide elder fraud sweep announced in February 2018, in which the FTC announced two law enforcement actions impacting older adults, one involving a sweepstakes scam and another involving a technical support scam.<sup>35</sup>

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<sup>32</sup> See FTC Workshop, *Fraud Affects Every Community* (Oct. 29, 2014), workshop materials available at <https://www.ftc.gov/news-events/events-calendar/2014/10/fraud-affects-every-community>; FTC Workshop, *The Changing Consumer Demographics* (Dec. 6, 2016), workshop materials available at <https://www.ftc.gov/news-events/events-calendar/2016/12/changing-consumer-demographics>.

<sup>33</sup> The FTC’s Common Ground events bring together federal, state, and local law enforcement, legal services providers, and other stakeholders to discuss ways to work together to fight fraud and help consumers in various locations. The FTC’s Ethnic Media briefings bring together community and ethnic media outlets to highlight the fraud and consumer issues and identify the resources available. See FTC’s Common Ground and Ethnic Media Event list available at [www.consumer.gov/commonground](http://www.consumer.gov/commonground).

<sup>34</sup> For example, in September 2016, the FTC, the DOJ, the U.S. Postal Inspection Service, the Department of the Treasury’s Office of Foreign Assets Control, and a number of other domestic and foreign law enforcement partners announced civil and criminal actions against a host of defendants. Press Release, U.S. Dept. of Justice, *Justice Department and Law Enforcement Partners Announce Civil and Criminal Actions to Dismantle Global Network of Mass Mailing Fraud Schemes Targeting Elderly and Vulnerable Victims* (Sept. 22, 2016), available at <https://www.justice.gov/opa/pr/justice-department-and-law-enforcement-partners-announce-civil-and-criminal-actions-dismantle>. As part of this effort, the FTC filed an action seeking to shut down an allegedly deceptive mail order prize promotion scheme that had mostly affected elderly consumers. *FTC v. Terry Somenzi*, No. 16-CV-7101 (C.D. Cal. Sept. 21, 2016), available at <https://www.ftc.gov/enforcement/cases-proceedings/1623226/terry-somenzi-individually-officer-international-advisory>.

<sup>35</sup> Press Release, *FTC Challenges Schemes That Target or Affect Senior Citizens* (Feb. 22, 2018) available at <https://www.ftc.gov/news-events/press-releases/2018/02/ftc-challenges-schemes-target-or-affect-senior-citizens>. See also, Press Release, U.S. Dept. of Justice, *Justice Department Coordinates Nationwide Elder Fraud Sweep* (Feb. 22, 2018)

Further, the FTC is an active member of the Elder Justice Coordinating Council, a multi-agency federal entity charged with identifying and proposing solutions to problems related to elder abuse, neglect, and financial exploitation. The Council’s mission is to develop recommendations to the Secretary of the Department of Health and Human Services (“DHHS”) for the coordination of relevant activities.<sup>36</sup> FTC staff serve on the Council’s working group and subcommittees. This work connects the agency with other federal government offices working to combat elder abuse and facilitates information sharing and coordination.

### III. FTC Enforcement Activities Affecting Older Consumers

Aggressive law enforcement is a key component in the FTC’s efforts to protect older consumers.<sup>37</sup> Congress has directed the FTC to list “each case in which not less than one victim was an elder or that involved a financial scheme or scam that was either targeted directly toward or largely affected elders.”<sup>38</sup> Most FTC enforcement actions involve numerous consumers of all ages and the ages of the consumers affected are typically not known. Therefore, Appendix A to this report lists almost all of the new enforcement actions brought by the FTC (or by the DOJ on the FTC’s behalf) between October 1, 2017, and September 30, 2018. Based upon our law enforcement experience, the Commission is of the view that people ages 60 or older are in the groups of affected consumers in almost every consumer protection case filed. The 63 cases in Appendix A involve a wide range of matters, including alleged business opportunity and coaching schemes, veteran charity scams, mortgage relief assistance services, dietary supplement advertising claims, abusive debt collection, credit schemes, data security and privacy violations, scams directed at small business owners, and more.<sup>39</sup>

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available at <https://www.justice.gov/opa/pr/justice-department-coordinates-nationwide-elder-fraud-sweep-more-250-defendants>.

<sup>36</sup> DHHS convened the Elder Justice Coordinating Council in accordance with the Elder Justice Act of 2009. The Council consists of heads of federal departments and other government entities, including the FTC, identified as having responsibilities, or administering programs, relating to elder abuse, neglect, and exploitation. See DHHS, *What is the Elder Justice Coordinating Council?* (last modified June 6, 2018), available at <https://www.acl.gov/programs/elder-justice/elder-justice-coordinating-council-ejcc>.

<sup>37</sup> When staff identifies unfair or deceptive acts or practices that harm consumers, the FTC often sues the fraudsters in federal district court, seeking injunctive relief to stop illegal business practices as well as monetary relief in the form of redress for consumers or disgorgement of ill-gotten gains. The agency can also bring cases through administrative process and in some cases the Department of Justice files cases on the FTC’s behalf for rule violations or to secure civil penalties for violations of FTC administrative orders.

<sup>38</sup> The Elder Abuse Prevention and Prosecution Act, PUBLIC LAW 115–70, Oct. 18, 2017. Sec. 101(c)(2).

<sup>39</sup> This list includes cases involving student loan debt management schemes and violations of children’s privacy laws. The perpetrators of such schemes may not typically target older adults, but the cases are listed because they involve large and diverse groups of consumers. The affected consumers are likely to include an older adult paying off student debt for him or herself or for an adult child, or an older parent or grandparent caring for children who go online and wish to protect their

However, to provide a better description of the FTC's work to protect older consumers, the next section summarizes ten enforcement actions filed within the last year where the Commission noted the impact on older consumers, or the fact that older consumers were targeted, in the complaint or pleadings. These cases illustrate some of the key consumer issues that disproportionately affect older adults.

## A. Phony Grants

In *Hite Media Group*,<sup>40</sup> the FTC alleged that defendants falsely told consumers they could get \$10,000 or more in government or private grant money by using the defendants' service. They charged up-front fees ranging from \$295 to \$4,995, and routinely told consumers that, for an additional fee, they could either obtain more grant money or receive the money faster. Upon the request of the FTC, the federal court halted this telemarketing scheme that took at least \$3 million from consumers, including elderly and disabled persons who sought help with paying personal expenses, such as credit card debts, medical bills, and home repairs. The litigation is ongoing in this matter.

## B. Sweepstakes

In *Next-Gen, Inc.*,<sup>41</sup> the FTC and the State of Missouri alleged that the defendants sent tens of millions of personalized mailers falsely indicating that the recipient had won or was likely to win a substantial cash prize, as much as \$2 million, in exchange for a fee ranging from \$9 to \$139.99. Many people, including seniors, paid the fees several times before realizing they have been deceived. Since 2013, consumers have lost more than \$110 million to the defendants' scheme. This case was part of a sweep of cases cracking down on fraud affecting older adults organized by the DOJ.<sup>42</sup> Litigation in this matter is ongoing.

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privacy. The list does not include one case filed by the DOJ on the FTC's behalf, *Sunkey Publishing, Inc.*, 3:18-cv-01444-HNJ (N.D. Ala. Filed Sept. 9, 2018) available at <https://www.ftc.gov/enforcement/cases-proceedings/162-3211/sunkey-publishing-fanmailcom>. The complaint alleged the defendants targeted people seeking to join the armed forces and tricked them by falsely claiming to be affiliated with the military in order to generate sales leads for post-secondary schools. Because the maximum requirement age for the U.S. Military is 39, it is unlikely anyone 60 years or older would be in the victim pool. See Department of Defense, Today's Military, *Review Military Entrance Requirements*, available at <https://www.todaysmilitary.com/joining/entrance-requirements#age-requirements> (last visited Oct. 11, 2018).

<sup>40</sup> *FTC v. Hite Media Group, LLC*, No. 2:18-cv-02221, (D. Ariz., filed July 16, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3157/premium-grants>.

<sup>41</sup> *FTC v. Next-Gen, Inc.*, No. 4:18-CV-0128, (W.D. Mo., filed Feb. 20, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3133/federal-trade-commission-state-missouri-v-next-gen-inc>.

<sup>42</sup> See note 35.



Figure 7 – Example mailer from Next-Gen, Inc.

AWARD NOTIFICATION COMMISSION M 520 19 23 (FD - 14/71-P) .C - 38022-020985



Judges Authorization Completed  
 Deadline Sensitive Papers  
 Follow Applications Requested  
 ISSUANCE:  SIGNED  
 VERIFIED

## OFFICIAL DECLARATION OF CERTIFIED AWARD AND PROVISION OF PAYMENT

Page Number 2 of 2 Total Page  
 REDISTRIBUTION OR TRANSFER: PROHIBIT  
 SCHEDULED FORM: 13570  
 FILING YEAR: 2015

Documents Sent By Directive To: redacted

Required Action Of Preselected WINNING NUMBER HOLDER  
 To Receive Award And Full CASH Payment:

MUST RESPOND BY RETURNING THIS ENTIRE PAGE  
 NOT REQUIRED TO RESPOND

**APPROVE**

Verified I.D. Number:  
**#84911625-465565/721152655**  
 Must Be Entered Before The Deadline To Be Honored And Filed Off  
 Consequence of Late Reply: ► AUTOMATIC TERMINATIO

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JUDGES STATEMENT AND VALIDATION OF AWARD AMOUNT:

**IMPORTANT:**  
Please Read

The amount of AWARD by a single check of **\$1,230,946.00 (Winner Option A)**  
 or a 30-year annuity for the total of **\$2,000,000.00 (Winner Option B)**  
**shall be paid if you have the winning number and submit representation at**  
**AWARD NOTIFICATION COMMISSION World Headquarters, KANSAS CITY, KS,**  
**United States of America. Method of reply accepted: Mail reply only**

	Winner Option A	Winner Option B
<p><b>Further Explanation Of Winner Payment Option Assured By Judges</b></p>	<p>Total Payment..... \$1,230,946.00                      Lump-Sum Payment Of \$1,230,946.00 Via A Single Check Disbursement Or Electronic Wire Transfer Of Funds To A Bank Account Anywhere In The World. NO TAXES WITHHELD.</p>	<p>Total Payment..... \$2,000,000.00                      30-Year Annuity Payment Disbursed Annually By A Check Of \$66,667.00 PER YEAR FOR 30 YEARS Or Electronic Wire Transfer Of Annual Funds To A Bank Account Anywhere In The World. NO TAXES WITHHELD.</p>

NO PURCHASE NECESSARY. PURCHASE WILL NOT INCREASE CHANCE OF WINNING.

## C. Tech Support

In *Genius Technologies*,<sup>43</sup> the FTC alleged the defendants worked with Indian telemarketers to trick older consumers into buying bogus technical support services. Specifically, the defendants set up business accounts for the telemarketers, collected and deposited consumer payments, and provided a gloss of legitimacy to the scheme. The FTC settled with one of the defendants, who is permanently banned from marketing, promoting, or offering tech support services. The settling defendant also agreed to a \$7,577,516 monetary judgment, which was partially suspended upon payment of \$136,403 due to the defendant’s inability to pay the full amount. Litigation continues against the remaining defendants.

## D. Business Opportunities/Coaching

In *MOBE Ltd.*,<sup>44</sup> the FTC charged the defendants with taking more than \$125 million from thousands of consumers with a fraudulent business education program. The complaint alleged the defendants targeted

<sup>43</sup> *FTC v. Genius Technologies, LLC*, No. 3:18-cv-01096, (N.D. Cal., filed Feb. 21, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3110/genius-technologies-llc>.

<sup>44</sup> *FTC v. MOBE Ltd.*, No. 6:18-cv-862-ORL-37DCI, (M.D. Fla., filed June 4, 2018) available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3072/mobe-ltd-et-al>.

U.S. consumers—including service members, veterans, and older adults—through online ads, social media, direct mailers, and live events held throughout the country. The defendants falsely claimed their program enabled people to start their own online businesses and earn substantial income. In fact, consumers who paid the initial \$49 entry fee for the program were bombarded with sales pitches for membership packages that cost thousands of dollars. The defendants eventually reveal that their “proven system” for making money is for consumers to sell the same memberships to others in the hopes of earning commissions on those sales. Most people who bought into the program and paid for the expensive memberships were unable to recoup their costs, and many experience crippling losses or mounting debts, including some who lost more than \$20,000. A federal court halted the scheme and temporarily froze the defendants’ assets at the FTC’s request, and litigation continues.

**Figure 8 – Advertisement from *MOBE Ltd.***



## E. Apartment Listings

In *Apartment Hunters, Inc.*,<sup>45</sup> the FTC alleged the defendants operated rental listing websites, including WeTakeSection8.com, that advertised housing that purportedly accepted Section 8 vouchers for low-income families, elderly, and disabled persons. The defendants claimed that the website has accurate, up-to-date, and available listings that were approved for Section 8 housing vouchers. The FTC alleged that these claims are false or unsubstantiated, and that most of the listed properties either were not available or do not accept Section 8 housing vouchers. The complaint also alleged that the defendants misrepresented that consumers would find housing quickly and that the defendants have exclusive rights to list rental properties that consumers cannot find on free websites. The litigation is ongoing in this matter.

## F. Anti-Aging Product Claims

In *Health Research Laboratories*,<sup>46</sup> the FTC and the State of Maine alleged that the defendants used print ads formatted to look like scientific journals to claim, falsely and without substantiation, that their dietary supplements were scientifically proven to treat arthritis, relieve joint and back pain, and cause

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<sup>45</sup> *FTC v. Apartment Hunters, Inc.*, No. 8:18-cv-01636, (C.D. Cal. filed Sept. 11, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3007/apartment-hunters-inc-et-al-wetakesection8com>.

<sup>46</sup> *FTC v. Health Research Labs, LLC*, No. 2:17-cv-00467, (D. Me. filed Nov. 30, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/152-3021/health-research-laboratories-llc>.

significant weight loss, and to protect the brain against Alzheimer’s disease and dementia, reverse memory loss, and improve memory and cognitive performance. The defendants also enrolled consumers in auto-ship programs for the supplements without the consumers’ consent. The settlement order prohibits the challenged and related practices, and includes a judgment of \$3.7 million, suspended upon payment of \$800,000 due to the defendants’ financial condition.

**Figure 9 – Advertisement from Health Research Laboratories, LCC.**

In *Telomerase Activation Sciences*,<sup>47</sup> the FTC alleged the respondents lacked scientific evidence to support their advertising claims that their capsules, powders, and creams could provide a broad range of anti-aging and other health benefits. The complaint alleged that the respondents deceptively advertised that their products were scientifically proven to reverse aging and cause a range of health benefits, including preventing and repairing DNA damage, restoring aging immune systems, increasing bone density, reversing the effects of aging skin and eyes, and preventing or reducing the risk of cancer. The FTC also alleged that the respondents misrepresented that paid television advertising on *The Suzanne Show* was educational programming; misrepresented that paid endorsers were independent consumers; and provided other supplement sellers with the means for deception. The consent order prohibits the respondents from engaging in the challenged deceptive conduct and requires them to notify their licensees and all direct customers about the order.

In *FTC v. Tarr Inc.*,<sup>48</sup> the FTC alleged the defendants sold more than forty weight-loss, muscle-building, and wrinkle-reduction products to consumers using unsubstantiated health claims, fake magazine and

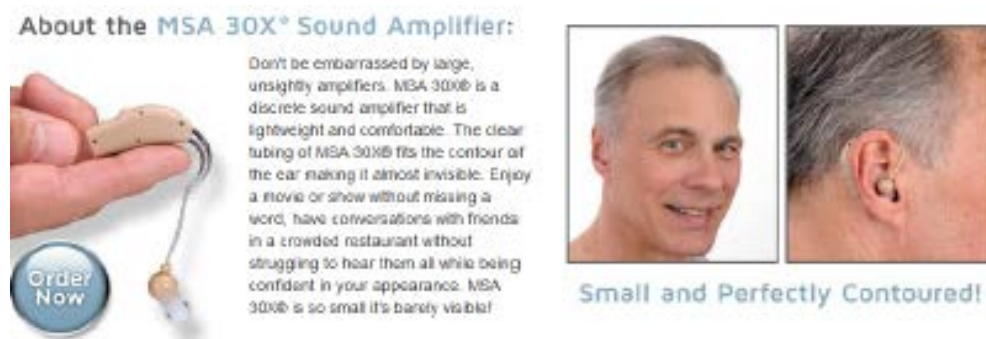
<sup>47</sup> *Telomerase Activation Sciences, Inc.*, FTC Dkt. No. 4644 (consent order entered Apr. 18, 2018) available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3103/telomerase-activation-sciences-inc-noel-thomas-patton-matter>.

<sup>48</sup> *FTC v. Tarr Inc.*, No. 3:17-cv-02024-LAB-KSC (S.D. Cal., filed Oct. 3, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3236-x180001/tarr-inc>.

news sites, bogus celebrity endorsements, and phony consumer testimonials. Consumers were lured into buying the defendants' anti-wrinkle products through advertising claims such as, "LOOK 10 YEARS YOUNGER IN LESS THAN 4 WEEKS." The FTC also alleged that the defendants used deceptive offers of "free" and "risk-free" trials, and automatically enrolled consumers without their consent in negative option auto-ship programs with additional monthly charges. The court order settling the FTC's charges imposed a judgment of \$179 million, which was suspended upon payment of approximately \$6.4 million. The order also prohibits the defendants from using the deceptive marketing tactics that they had allegedly used and permanently bans the defendants from using negative option features to sell dietary supplements, cosmetics, foods, or drugs; products that are sold on a trial or sample basis; or products that are sold as add-ons when consumers purchase other products.

In *Global Concepts Ltd.*,<sup>49</sup> the FTC alleged that the defendants failed to substantiate their claims that their electronic sound amplifier product allowed users to hear up to 30 times better and hear clearly in crowded places such as restaurants. The defendants advertised the amplifiers directly to consumers via TV ads, with a toll-free number consumers could call to place an order, and several company-owned websites, including a Spanish-language site. The TV ads featured older consumers frustrated with not being able to hear in settings such as a restaurant or at home watching television. Their hearing difficulties appeared to be resolved, however, upon using the devices. Through 2017, the defendants sold nearly three million of the devices, including through retailers such as CVS, Walgreens, and Walmart, as well as English and Spanish language websites, generating total sales of \$47.2 million. To settle the case, the defendants agreed to an order requiring human clinical testing to support future representations similar to the claims challenged in the complaint. Other statements about the efficacy of any device will require competent and reliable scientific evidence. Due to the defendants' financial condition, the judgment of \$47.2 million was suspended upon payment of \$500,000.

**Figure 10 – Advertisement from *Global Concepts Ltd.***



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<sup>49</sup> *FTC v. Global Concepts Ltd., Inc.*, No. 0:18-cv-60990-KMW (S.D. Fla., filed May 4, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/162-3225/msa-30x-sound-amplifier>.



In *Triangle Media Corp.*,<sup>50</sup> the FTC alleged the defendants sold anti-aging products, including a cognitive enhancement supplement and an anti-aging cream, using deceptively advertised free trial offers. Consumers who ordered the free trials were charged for the trial shipment, and were also enrolled in a negative-option continuity plan without their consent, under which they receive an additional shipment each month and are charged full price for each shipment. The FTC's complaint alleges such practices violate the FTC Act, as well as the Restore Online Shoppers' Confidence Act, and the Electronic Fund Transfer Act and its implementing Regulation E. Litigation is ongoing in that case.<sup>51</sup>

## G. Other Enforcement Highlights

During Fiscal Year 2018, the FTC announced significant developments in prior enforcement actions affecting older consumers, including settlements and consumer redress notices.

In April 2018, the FTC and the State of Florida settled with the three marketers who allegedly sold phony debt relief services in *Helping America Group*.<sup>52</sup> Consumers affected by this scheme carried significant debt, and included the elderly and disabled. The orders ban the defendants from selling debt relief, credit repair, and financial products and services, ban them from telemarketing, and impose an \$85 million judgment against each of the settling defendants, jointly and severally. The judgment was suspended upon the collection of approximately \$35 million in assets, which will be used for redress to consumers harmed by this scheme. Litigation is ongoing with the remaining defendants.

In October 2017, the FTC and the State of Alabama settled with two of the defendants in *Trothsolutions, Inc.*<sup>53</sup> for their roles in a technical support scam. The complaint alleged that the defendants tricked consumers, many of whom were elderly, into believing their computers were infected with viruses and malware, and then charged them hundreds of dollars for unnecessary repairs. The settlement permanently bans these defendants from advertising, marketing, promoting, or selling any tech support product or service. In addition, they are prohibited from collecting or attempting to collect payment for a tech support product or service sold by the defendants, from deceptive telemarketing, and from misrepresenting their affiliation with another company or entity. The settlement also imposes a \$2

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<sup>50</sup> *FTC v. Triangle Media Corp.*, No. 18cv1338-MMA (NLS) (S.D. Cal., filed June 25, 2018), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3108/ftc-v-triangle-media-corporation>.

<sup>51</sup> Although not within FY 2018, the FTC recently filed another action, *Regenerative Medical Group, Inc.*, alleging that the defendants made false and unsubstantiated claims that their stem cell therapy would cure, treat, or mitigate various diseases and ailments affecting older consumers, including Parkinson's disease, chronic kidney disease, multiple sclerosis, macular degeneration, and amyotrophic lateral sclerosis. See *FTC v. Regenerative Medical Group, Inc.*, No. 8:18-cv-01838, (C.D. Cal. filed Oct. 12, 2018) available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3062/regenerative-medical-group-inc>.

<sup>52</sup> *FTC v. Helping America Group, et al.*, No. 17-cv-60907, (S.D. Fla., filed May 8, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/162-3125/jeremy-lee-marcus-et-al-ftc-state-florida-v-helping-america>.

<sup>53</sup> *FTC v. Trothsolutions, Inc.*, No. 2:17-cv-00698-RDP (N.D. Ala., filed May 5, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/172-3018/troth-solutions>.

million judgment, most of which is suspended based upon defendants' financial condition. The court entered a \$2 million default judgment against the remaining defendants.

In April 2018, the FTC announced the distribution of 2,116 refund checks, totaling more than \$355,000, to consumers in *XXL Impressions LLC*.<sup>54</sup> In that case, the FTC alleged that the defendants made false and misleading claims that their supplement provided memory enhancement and pain relief.

In 2017, the FTC and the DOJ entered into \$587 million settlements with Western Union, alleging that massive fraud payments flowed through its money transfer system for many years, including payments in which complicit Western Union agents processed the fraud payments in return for a cut of the proceeds.<sup>55</sup> Even in the face of evidence that many of its agents were involved in the frauds, Western Union allegedly failed to properly address the problem, looked the other way, and even rewarded some complicit agents for their high volume of business. As alleged, many of these frauds harmed older adults. For example, from 2004 to 2015 Western Union received more than 41,000 complaints totaling nearly \$75 million in losses for "emergency scams and grandparent scams."<sup>56</sup> In November 2017, the FTC announced the process for consumers to file redress claims in connection with a process administered by the DOJ.<sup>57</sup> The FTC created a dedicated website, issued consumer alerts, and pushed this information to the media and stakeholders to help consumers who lost money to these scams file claims.

The FTC's Criminal Liaison Unit works with federal and state criminal prosecutors to help bring more criminal consumer fraud cases, often building on facts exposed as the FTC develops evidence in support of its civil law enforcement actions.<sup>58</sup> For example, in July 2018, the DOJ announced charges against three defendants for allegedly running a fraudulent mass-mailing scheme that tricked thousands of elderly consumers into paying at least \$30 million in fees for falsely promised prizes.<sup>59</sup> According to the DOJ, one of the defendants, Tully Lovisa, continued sending deceptive prize-promotion mailings after

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<sup>54</sup> *FTC v. XXL Impressions LLC*, No. 1:17-cv-00067-NT (D. Me., filed Feb. 22, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/152-3024-162-3033-162-3036/xxl-impressions-llc-j2-response-llp>.

<sup>55</sup> *FTC v. The Western Union Company*, No. 1:17-cv-00110-CCC (M.D. Pa. Jan. 19, 2017), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3208/western-union-company>.

<sup>56</sup> Grandparent scams involve a scammer calling other adults and pretending to be a grandchild who has a desperate need for immediate financial help, such as to pay medical bills or bail.

<sup>57</sup> See FTC Press Release, *FTC Alerts Consumers: If Scammers Had You Pay Them Via Western Union, You Can Now File a Claim to Get Money Back*, (Nov. 13, 2017) available at <https://www.ftc.gov/news-events/press-releases/2017/11/ftc-alerts-consumers-if-scammers-had-you-pay-them-western-union>; see also dedicated Western Union Refunds page at: <https://www.ftc.gov/enforcement/cases-proceedings/refunds/western-union-settlement-faqs>.

<sup>58</sup> A description of the FTC's Criminal Liaison Unit is available at <https://www.ftc.gov/enforcement/criminal-liason-unit>.

<sup>59</sup> U.S. Department of Justice, Press Release, *Five Charged for Elder Fraud Schemes* (July 11, 2018) available at <https://www.justice.gov/opa/pr/five-charged-elder-fraud-schemes>.

being enjoined by the court in a prior FTC enforcement action.<sup>60</sup> Lovisa allegedly worked with others to set up numerous prize-promotion companies using straw owners and aliases to continue defrauding hundreds of thousands of consumers. In September 2018, the DOJ announced that a defendant from another FTC action, Mark Eldon Wilson, had been extradited, tried, and sentenced to 135 months in prison for his role in a telemarketing scheme that falsely promised credit card fraud protection and defrauded at least 60,000 primarily elderly victims out of more than \$18 million.<sup>61</sup> The FTC had sued Wilson in *FTC v. OPCO International Agencies, Inc.* for his involvement in a scheme designed to defraud consumers, many of whom were elderly, through the sale of credit card “protection” insurance and “debt consolidation” programs.<sup>62</sup>

## IV. Outreach and Education Activities



*Pass It On* is the FTC’s fraud prevention education campaign for older adults. Campaign materials show respect for the readers’ life experience and accumulated knowledge, and provide resources they can read and “pass on” to family and friends to start conversations about fraud. As a researcher who helped the agency create the campaign observed at the FTC’s *Fraud Affects Every Community* workshop,<sup>63</sup> “the number one cardinal sin with an older person, a senior, is to condescend to them.” Instead, the researcher said, “[p]eople are far more motivated, are far more interested in messaging if, in fact, they can view themselves as heroes rather than victims.”<sup>64</sup> People learn when they are helping to keep

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<sup>60</sup> See *FTC v. National Awards Service Advisory, LLC*, No. CV-10-5418 PJH (N.D. Cal. stipulated order entered Apr. 19, 2012), available at <https://www.ftc.gov/enforcement/cases-proceedings/102-3078-x110010/national-awards-service-advisory-llc-also-dba-prize>.

<sup>61</sup> U.S. Department of Justice, Press Release, *Canadian Man Sentenced to over 11 Years in Federal Prison for Running Telemarketing Scheme that Bilked 60,000+ Victims*, (Sept. 10, 2018) available at <https://www.justice.gov/usao-cdca/pr/canadian-man-sentenced-over-11-years-federal-prison-running-telemarketing-scheme-bilked>.

<sup>62</sup> See *FTC v. OPCO International Agencies, Inc.*, No. CO1-2053R (W.D. Wa. Feb. 27, 2001) available at <https://www.ftc.gov/news-events/press-releases/2001/02/court-issues-order-stopping-sellers-fraudulent-credit-card>.

<sup>63</sup> See *supra* note 32.

<sup>64</sup> Comments of Andrew P. Tuck of Applied Research & Consulting. See *Fraud Workshop*, A. Tuck Tr. at 195.

someone else from being a victim.<sup>65</sup> Sharing “hero” stories of standing up to a scam or hanging up on a telemarketer can be a powerful fraud prevention tool.<sup>66</sup>

The *Pass it On* campaign began with a variety of print and online material that addressed common frauds like Identity Theft, Imposter Scams, Charity Fraud, Health Care Scams, Paying Too Much and “You’ve Won” Scams. In response to requests from *Pass It On* users, the FTC added articles about Tech Support Scams, Grandkid Scams, Online Dating Scams and IRS Imposter Scams. Materials build on—or refresh—readers’ knowledge by briefly summarizing how certain scams work and what the reader can do in response. The FTC has distributed 9,514,946 *Pass It On* items since the campaign began, including almost 2.2 million items in fiscal year 2018, to banks, libraries, police departments, adult protective service offices, state attorneys general, military support groups and a variety of educational and community groups. Campaign materials are available at [FTC.gov/PassItOn](https://www.ftc.gov/PassItOn), [FTC.gov/pasalo](https://www.ftc.gov/pasalo) (Spanish), [FTC.gov/PassItOnImposters](https://www.ftc.gov/PassItOnImposters), and [FTC.gov/Bulkorder](https://www.ftc.gov/Bulkorder).

The FTC also issues Consumer and Scam Alerts on many of the topics covered by *Pass It On*, as well as other topics of interest to older adults, such as the recent alerts on Social Security and Medicare imposters.<sup>67</sup> The FTC sends these alerts to its more than 275,000 subscribers, which include news media outlets, and posts the materials on our website to share the prevention messages.

## A. Outreach Events Affecting Older Adults

The FTC partners with many organizations across the country to share its consumer education messages and inform the public about its work. In the past year, the FTC staff including its regional offices, have presented, exhibited, or participated in more than 300 outreach events with the public, other law enforcement agencies, and/or other stakeholders. This included, for example, staffing a booth and handing out materials at the Public Library Association’s Annual Convention, where staff met with librarians from all over the country who order and distribute FTC materials with patrons. Approximately 75 of the outreach events focused on protecting older adults, including events with the AARP, the Veterans Administration, the Better Business Bureau’s Senior Scam Jam events, the National Association of Area Agencies on Aging, the American Bar Association National Aging & Law Conference, the National Home & Community Based Services Conference of the National Association of States United for Aging and Disabilities, and others. Of particular note, in April, FTC staff presented information about deceptive advertising claims on an AARP webinar to more than 300 live participants with 3,500 participants registering to watch later on-demand. The FTC’s outreach with groups and

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<sup>65</sup> *Id.*

<sup>66</sup> See Fraud Workshop, A. Tuck, Tr. at 235 (“when we heard stories about heroes, it was . . . about somebody’s mom or grandma who learned how to be rude, . . . for the first time in her life, hung up the phone on somebody while they’re in the middle of talking.”).

<sup>67</sup> Lake, Lisa, *Your Social Security Number isn’t suspended, Ever*. FTC Consumer Alert (Sept. 14, 2018), available at <https://www.consumer.ftc.gov/blog/2018/09/your-social-security-number-isnt-suspended-ever>; Lazarus, Ari, *Hang up on Medicare card scams*, FTC Consumer Alert (Sept. 20, 2018), available at <https://www.consumer.ftc.gov/blog/2018/09/hang-medicare-card-scams>.



communities throughout the country provides a means for sharing the agency’s important prevention message, but also opens up the communication lines so the Commission hears about the scams and other consumer protection problems affecting the public.

## **B. Every Community Videos**

The FTC’s law enforcement experiences and stakeholders’ experiences have demonstrated that consumers who talk with others when they receive suspicious requests for money are more likely to avoid incurring a financial loss in that transaction than those who do not engage family members, friends, or other people. In response, and as part of the Every Community Initiative, the FTC has underscored the importance of talking about fraud by conveying this message in a series of videos told from the perspective of real people who faced the threat of losing money.<sup>68</sup> Two of the videos in this series highlight the experience of older adults—one who lost money to a Medicare telephone scam<sup>69</sup> and another who lost money to a debt settlement scheme.<sup>70</sup> The seniors appearing in these two videos tell powerful stories of older adults fighting back against scammers that the agency hopes will inspire others to warn others about the scams they see in their communities and report them to law enforcement. The FTC continues to deploy these videos through various partners, including ethnic and mainstream media, legal aid offices, consumer advocacy groups, and fellow law enforcement agencies.

## **C. Fighting Consumer Fraud and Identity Theft in Every State Webinar Series**

Starting in October 2017, the Every Community Initiative began a new project aimed at reaching deeper into communities across the country to fight fraud and identity theft. The team conducts webinars for each state, bringing together federal, state, and local law enforcement in each jurisdiction with stakeholders from a range of local consumer groups including aging service providers and senior organizations, rural extension offices, libraries, military and veterans organizations, and others. The webinars share data about the frauds affecting consumers in each state, describe resources to help consumers spot the most common scams, identify where residents can go for help, and explain how to report to law enforcement. Attorneys General offices, the Better Business Bureaus, legal service providers, and others have spoken on these webinars, sharing information about the services available in their respective states. Regional representatives for the Centers for Medicare and Medicaid as well as the state Senior Medicare Patrols have shared information about the new Medicare cards designed to prevent identity theft and deter Medicare scams. Staff has completed 16 of these webinars and plans to

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<sup>68</sup> See *Fraud Affects Every Community Video Series* available at <https://www.consumer.ftc.gov/features/every-community>.

<sup>69</sup> Video available at <https://www.consumer.ftc.gov/media/video-0132-fraud-affects-every-community-medicare-scams>. For more information about the scam, see *FTC v. Sun Bright Ventures*, 14-23879-CIV (S.D. Fla. filed Oct. 20, 2014) available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3217/sun-bright-ventures-llc-gmy-llc>.

<sup>70</sup> Video available at <https://www.consumer.ftc.gov/media/video-0148-fraud-affects-every-community-debt-settlement-companies>.

reach every state as well as the District of Columbia, Puerto Rico, and the territories with these targeted presentations.<sup>71</sup>

## V. Conclusion

The FTC remains firmly committed to protecting older consumers through aggressive law enforcement and effective consumer education and outreach. Research, law enforcement experience, and input from stakeholders will continue to be critical as the Commission strategizes about how to use its resources to protect the growing population of older adults in the years ahead.

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<sup>71</sup> See [www.consumer.gov/statewebinars](http://www.consumer.gov/statewebinars) for the state webinar presentation materials.

## Appendix A - Federal Trade Commission Cases FY 2018

STYLE OF CASE	Case Number	Court Name	Date	Case Type	Description	Outcome
In the Matter of IDmission LLC	FTC Matter No. 182 3150	FTC Administrative Matter	9/27/18	EU-US Privacy Shield	Alleged the respondent falsely claimed to be certified under the EU-U.S. Privacy Shield, which establishes a process to allow companies to transfer consumer data from European Union countries to the United States.	Consent agreement
In the Matter of VenPath, Inc.	FTC Matter No. 182 3144	FTC Administrative Matter	9/27/18	EU-US Privacy Shield	Alleged the respondent falsely claimed to be certified under the EU-U.S. Privacy Shield, which establishes a process to allow companies to transfer consumer data from European Union countries to the United States.	Consent agreement
In the Matter of SmartStart Employment Screening, Inc.	FTC Matter No. 182 3154	FTC Administrative Matter	9/27/18	EU-US Privacy Shield	Alleged the respondent falsely claimed to be certified under the EU-U.S. Privacy Shield, which establishes a process to allow companies to transfer consumer data from European Union countries to the United States.	Consent agreement
In the Matter of mResource LLC (Loop Works LLC)	FTC Matter No. 182 3143	FTC Administrative Matter	9/27/18	EU-US Privacy Shield	Alleged the respondent falsely claimed to be certified under the EU-U.S. Privacy Shield, which establishes a process to allow companies to transfer consumer data from European Union countries to the United States.	Consent agreement
In the Matter of A&O Enterprises, doing business as iV Bars, and Aaron K. Roberts	FTC Matter No. 172 3016	FTC Administrative Matter	9/20/18	Advertising substantiation - health claims	Alleged the respondents made deceptive and unsupported health claims about their intravenously injected therapy products' (iV Cocktails) ability to treat serious diseases such as cancer, multiple sclerosis, and congestive heart failure.	Consent agreement

## Appendix A - Federal Trade Commission Cases FY 2018

Federal Trade Commission v. Katrina Moore, individually and also doing business as Innovative Paycheck Solutions, and FakePayStubOnline.com	5:18-cv-01960	Central District of California	9/13/18	Fake document websites	Alleged the defendant promoted and operated a website that sold fake financial documents.	Settlement
Federal Trade Commission v. Integrated Flight Solutions LLC, <i>et al.</i>	3:18-cv-01658-MO	District of Oregon	9/13/18	Fake document websites	Alleged the defendants operated a website that sold fake financial, identity, and medical documents, including pay stubs, auto insurance cards, utility and cable bills, doctor's excuses, and medical absence reports.	Settlement
Federal Trade Commission v. George Jiri Strnad II, individually and also doing business as Abstract United, PayStubDirect.com, PaycheckStubOnline.com, and iVerifyme.com	4:18-cv-03239	Southern District of Texas	9/12/18	Fake document websites	Alleged the defendant operated websites that sold fake pay stubs, tax forms, and bank statements as well as job verification services in which he claimed to verify employment and income for customers.	Settlement
In the Matter of Underground Sports Inc., doing business as Patriot Puck, <i>et al.</i>	FTC Matter No. 182 3113	FTC Administrative Matter	9/12/18	Made in U.S.A. claims	Alleged the respondents made false Made in the U.S.A. claims.	Consent agreement
In the Matter of Sandpiper of California, Inc., and PiperGear USA, Inc.	FTC Matter No. 182 3095	FTC Administrative Matter	9/12/18	Made in U.S.A. claims	Alleged the respondents made false Made in the U.S.A. claims.	Consent agreement
Federal Trade Commission v. Apartment Hunters, Inc., also doing business as WeTakeSection8.com, ApartmentHunterz.com, and FeaturedRentals.com, <i>et al.</i>	8:18-cv-01636	Central District of California	9/11/18	Rental listings	Alleged the defendants operated rental listing websites that made false claims about the availability of apartments that accept Section 8 vouchers.	Litigation ongoing

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Federal Trade Commission v. Tate's Auto Center of Winslow, Inc., <i>et al.</i>	3:18-cv-08176-DJH	District of Arizona	7/31/18	Automobile financing	Alleged the defendants falsified consumers' income and down payment information on vehicle financing applications, and misrepresented important financial terms in vehicle advertisements.	Litigation ongoing
Federal Trade Commission and Minnesota v. Sellers Playbook, Inc., <i>et al.</i>	0:18-CV-02207-DWF-TNL	District of Minnesota	7/30/18	Business opportunity	Alleged the defendants deceptively lured consumers into buying defendants' expensive "system" by claiming that purchasers were likely to earn thousands of dollars per month selling products on Amazon.	Litigation ongoing
Federal Trade Commission and Florida, California, Maryland, Minnesota, Ohio, and Oregon v. Help the Vets, Inc. and Neil G. Paulson, Sr.	6:18-cv-1153-CEM-KRS	Middle District of Florida	7/18/18	Charity	Alleged the defendants operated a sham charity, falsely claiming to fund medical care, a suicide prevention program, retreats for veterans recuperating from stress, and veterans fighting breast cancer. It also falsely claimed a "gold" rating by GuideStar, which provides information about nonprofits.	Settlement
Federal Trade Commission, v. Hite Media Group LLC <i>et al.</i>	2:18-cv-02221-SPL	District of Arizona	7/16/18	Grants	Alleged the defendants falsely told consumers they could get \$10,000 or more in government or private grant money by using the defendants' service. They charged up-front fees ranging from \$295 to \$4,995, and routinely told consumers that, for an additional fee, they could either obtain more grant money or receive the money faster.	Litigation ongoing

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Federal Trade Commission v. Travis Deloy Peterson	4:18-cv-00049-DN	District of Utah	7/10/18	Charity	Alleged the defendant used fake veterans' charities and illegal robocalls to get people to donate cars, boats, and other things of value, which he then sold for his own benefit.	Litigation ongoing
Federal Trade Commission and Florida v. Starwood Consulting LLC and Thomas Henry Fred	4:18-cv-02368	Southern District of Texas	7/10/18	Small business scheme	Alleged the defendants tricked business owners into buying labor law posters by sending mailers that mimic invoices from a government agency or authority.	Litigation ongoing
In the Matter of ReadyTech Corporation	FTC Matter No. 182 3100	FTC Administrative Matter	7/2/18	EU-US Privacy Shield	Alleged the respondent falsely claimed to be certified under the EU-U.S. Privacy Shield, which establishes a process to allow companies to transfer consumer data from European Union countries to the United States.	Consent agreement
Federal Trade Commission and New York v. Hylan Asset Management LLC, <i>et al.</i>	1:18-cv-00710-LJV	Western District of New York	6/26/18	Debt collection	Alleged the defendants bought, placed for collection, and sold lists of phantom debts, including debts that were fabricated by the defendants or disputed by consumers.	Litigation ongoing
Federal Trade Commission v. Triangle Media Corporation, <i>et al.</i>	18cv1388-MMA (NLS)	Southern District of California	6/25/18	Free trials	Alleged the defendants deceptively advertised free trial offers and not only charged consumers full-price for the trial product, but also enrolled them in expensive, ongoing continuity plans without their knowledge or consent.	Litigation ongoing

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Federal Trade Commission v. 9140-9201 Quebec Inc., Midwest Advertising & Publishing Inc., <i>et al.</i>	1:18-cv-04115	Northern District of Illinois	6/13/18	Small business scheme	Alleged the defendants made unsolicited calls to small businesses and other organizations to induce them to pay for unordered Internet directory listings, search engine optimization services, or website design and hosting services.	Litigation ongoing
Federal Trade Commission v. MOBE Ltd., <i>et al.</i>	6:18-cv-862-ORL-37DCI	Middle District of Florida	6/4/18	Business opportunity	Alleged the defendants falsely claimed their business education program would enable people to start their own online businesses and earn substantial income.	Litigation ongoing
Federal Trade Commission v. James Christiano. NetDotSolutions, Inc., <i>et al.</i>	8:18-cv-00936	Central District of California	5/31/18	Robocalls	Alleged the defendants facilitated billions of illegal robocalls to consumers nationwide, pitching everything from auto warranties to home security systems and supposed debt-relief services.	Litigation ongoing
Federal Trade Commission v. Pointbreak Media LLC, <i>et al.</i>	18-cv-61017	Southern District of Florida	5/7/18	Small business scheme	Alleged the defendants falsely claimed to represent Google, falsely threatened small businesses with removal from Google search results, and falsely promised first-place or first-page placement in Google search results.	Litigation ongoing
In the Matter of Mikey & Momo, Inc., <i>et al.</i>	FTC Matter No. 162 3234	FTC Administrative Matter	5/3/18	Advertising substantiation - insect repellent	Alleged the respondents used deceptive claims to sell purported mosquito-repelling perfume sprays and scented candles.	Consent agreement

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Federal Trade Commission v. Global Concepts Limited, Inc., <i>et al.</i>	0:18-cv-60990	Southern District of Florida	5/2/18	Advertising substantiation - sound amplifier	Alleged the defendants deceptively advertised and sold a small, rechargeable electronic sound amplifier product.	Settlement
Federal Trade Commission v. Vision Solution Marketing LLC, <i>et al.</i>	2:18-cv-00356-CW	District of Utah	5/1/18	Business opportunity	Alleged the defendants deceptively claimed their business coaching services can help consumers start home-based businesses that earn thousands of dollars a month.	Litigation ongoing
In the Matter of BLU Products, Inc. and Samuel Ohev-Zion	FTC Matter No. 172 3025	FTC Administrative Matter	4/30/18	Data privacy	Alleged the respondents allowed a China-based third-party service provider to collect detailed personal information about consumers, such as text message contents and real-time location information, without their knowledge or consent despite promises by the company that it would keep such information secure and private.	Consent agreement
Federal Trade Commission v. LendingClub Corporation	3:18-cv-02454	Northern District of California	4/25/18	Credit	Alleged the defendant falsely promised consumers they would receive a loan with “no hidden fees,” when, in actuality, the company deducted hundreds or even thousands of dollars in hidden up-front fees from the loans.	Litigation ongoing
Federal Trade Commission v. American Home Servicing Center LLC, <i>et al.</i>	8:18-cv-00597-JLS-KES	Central District of California	4/12/18	Foreclosure rescue	Alleged the defendants deceived distressed homeowners by falsely promising to make their mortgages more affordable and prevent foreclosure.	Litigation ongoing



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Federal Trade Commission v. Jasjit Gotra, Alliance Security Inc., <i>et al.</i>	1:18-cv-10548	District of Massachusetts	3/22/18	Do Not Call Registry	Alleged the defendants directly or indirectly, through its authorized telemarketers, called millions of consumers whose numbers are on the National Do Not Call Registry to sell home security systems.	Settlements with four defendants, litigation ongoing
In the Matter of Nectar Brand LLC	FTC Matter No. 182 3038	FTC Administrative Matter	3/13/18	Made in U.S.A. claims	Alleged the respondent claimed in promotional materials that its mattresses were “Designed and Assembled in USA,” but in fact the mattresses were wholly imported from China, with no assembly taking place in the United States.	Consent agreement
Federal Trade Commission v. AWS LLC <i>et al.</i> (FBA Stores)	2:18-cv-00442-JCM-PAL	District of Nevada	3/12/18	Business opportunity	Alleged the defendants falsely claimed that people who bought defendants’ expensive “Amazing Wealth System” would learn “secrets for making money on Amazon” and likely earn thousands of dollars a month.	Settlements
In the Matter of Telomerase Activation Sciences, Inc., and Noel Thomas Patton	FTC Matter No. 142 3101	FTC Administrative Matter	2/28/18	Advertising substantiation - health claims	Alleged the respondents lacked the scientific evidence to support claims that their capsules, powders, and creams could provide a broad range of anti-aging and other health benefits.	Consent agreement
In the Matter of PayPal, Inc.	FTC Matter No. 162 3102	FTC Administrative Matter	2/27/18	Payment processing /privacy	Alleged the respondents misled consumers about their ability to transfer funds to external bank accounts and control the privacy of their peer-to-peer payment system transactions.	Consent agreement

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Federal Trade Commission v. Genius Technologies LLC, <i>et al.</i>	3:18-cv-01096	Northern District of California	2/21/18	Technical support	Alleged the defendants provided substantial support and assistance to a tech support scheme by receiving and processing customer payments and establishing and maintaining business accounts upon which the scheme depended.	Settlement with one defendant, litigation ongoing
Federal Trade Commission and Missouri v. Next-Gen, Inc., <i>et al.</i>	4:18-cv-00128-BCW	Western District of Missouri	2/20/18	Sweepstakes scheme	Alleged the defendants sent millions of personalized mailers falsely indicating that the recipient had won or was likely to win a substantial cash prize, as much as \$2 million, in exchange for a fee.	Litigation ongoing
Federal Trade Commission v. Thomas Dluca, <i>et al.</i>	0:18-cv-60379-KMM	Southern District of Florida	2/20/18	Business opportunity	Alleged the defendants promoted deceptive money-making schemes involving cryptocurrencies.	Litigation ongoing
Federal Trade Commission v. American Financial Benefits Center, <i>et al.</i>	4:18-cv-00806	Northern District of California	2/7/18	Student loan debt relief	Alleged the defendants deceptively operated a student loan debt relief operation that falsely promised that consumers' monthly payments would go towards paying off their student loans.	Litigation ongoing
Federal Trade Commission and Maine v. Marketing Architects, Inc.	2:18-cv-00050-NT	District of Maine	2/5/18	Advertising substantiation - weight loss claims	Alleged the defendant created and disseminated radio ads with false or unsubstantiated weight-loss claims for AF Plus and Final Trim.	Settlement

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United States v. Prime Sites, Inc. (Explore Talent)	2:18-cv-00199	District of Nevada	2/5/18	Children's privacy	Alleged the defendant failed to obtain parental consent before collecting personal information from children, and that it misled consumers about the benefits of its premium paid services.	Settlement
Federal Trade Commission v. Digital Altitude LLC, <i>et al.</i>	2:18-cv-00729-JAK-MRW	Central District of California	1/29/18	Business opportunity	Alleged the defendants misrepresented that their purported business coaching program would enable consumers to earn substantial income, such as “six figures in 90 days or less.”	Settlements with three defendants, litigation ongoing
In the Matter of Bollman Hat Company and SaveAnAmericanJob LLC	FTC Matter No. 172 3197	FTC Administrative Matter	1/23/18	Made in U.S.A. claims	Alleged the respondents deceived consumers with “Made in USA” claims for its hats and third-party products.	Consent agreement
United States of America v. InfoCision, Inc.	5:18-cv-00064	Northern District of Ohio	1/10/18	Charity	Alleged the defendant’s telemarketers misled consumers by falsely saying they were not calling to solicit contributions.	Settlement
Federal Trade Commission v. CellMark Biopharma, <i>et al.</i>	2:18-cv-00014-JES-CM	Middle District of Florida	1/9/18	Advertising substantiation - health claims	Alleged the defendants made false or unsupported claims regarding two health products they marketed as effective treatments for cancer patients’ malnutrition and “chemo fog,” or treatment-related cognitive dysfunction.	Settlement
Federal Trade Commission and Nevada v. Emp Media Inc. (MyEx.com)	2:18-cv-00035	District of Nevada	1/9/18	Revenge pornography	Alleged the defendants violated federal and state law by posting intimate images of people and their personal information without their consent and charging a takedown fee.	Default Judgment

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Federal Trade Commission v. Consumer Defense, LLC, <i>et al.</i>	2:18-cv-00030-GMN-PAL	District of Nevada	1/8/18	Mortgage assistance relief services	Alleged the defendants deceived financially distressed homeowners by falsely promising to prevent foreclosure and make their mortgages more affordable.	Settlement with one defendant, litigation ongoing
United States of America v. VTech Electronics Limited, <i>et al.</i>	1:18-cv-00114	Northern District of Illinois	1/8/18	Children's privacy	Alleged the defendants violated a U.S. children's privacy law by collecting personal information from children without providing direct notice and obtaining their parent's consent, and failing to take reasonable steps to secure the data it collected.	Settlement
Federal Trade Commission v. Ronnie Montano, <i>et al.</i>	6:17-cv-02203-JA-KRS	Middle District of Florida	12/28/17	Business opportunity	Alleged the defendants deceived consumers by falsely claiming they could earn big money working from home by using products marketed as "secret codes" that were actually generic software products.	Settlements
Federal Trade Commission v. Reservation Counter LLC, <i>et al.</i>	2:17-cv-01304-RJS	District of Utah	12/21/17	Hotel advertising	Alleged the defendants misled consumers through ads, webpages, and call centers that led consumers to mistakenly believe they were reserving the rooms directly from the hotel, and failed to adequately tell consumers that their credit cards would be charged immediately, rather than after they arrived at the hotel.	Settlement

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Federal Trade Commission v. Internet Teaching and Training Specialists LLC, <i>et al.</i>	2:17-cv-03047 (JCM)	District of Nevada	12/12/17	Business opportunity	Alleged the defendants deceptively sold a business coaching program provided by Guidance Interactive, which settled with the FTC in June 2017 for alleged deceptive practices.	Settlement
Federal Trade Commission v. Jamie L. White	2:17-cv-04533-JJT	District of Arizona	12/6/17	Grants/business opportunity	Alleged the defendant enabled telemarketing operations to sell a phony grants program and a worthless moneymaking opportunity purportedly involving customized websites linked to Amazon.com.	Settlement
In the Matter of Cowboy AG LLC	FTC Matter No. 172 3009	FTC Administrative Matter	12/1/17	Automobile loan and lease terms	Alleged the respondent deceptively advertised loan and leasing terms.	Consent agreement
Federal Trade Commission and Maine v. Health Research Laboratories LLC and Kramer Duhon	2:17-cv-00467-JDL	District of Maine	11/30/17	Advertising substantiation - health claims	Alleged the defendants made unsubstantiated claims during the sale of a product that they claimed could treat arthritis, relieve joint and back pain, and cause significant weight loss, and another product that they claimed could protect the brain against Alzheimer's disease and dementia, reverse memory loss, and improve memory and cognitive performance.	Settlement
Federal Trade Commission v. Higher Goals Marketing LLC, <i>et al.</i>	6:17-cv-02048-GAP-KRS	Middle District of Florida	11/29/17	Interest rate reduction scheme	Alleged the defendants deceived financially distressed consumers nationwide by pitching bogus credit card interest-rate reduction services.	Litigation ongoing

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Federal Trade Commission v. NextGen Nutritionals LLC, <i>et al.</i>	4:18-cv-128	Middle District of Florida	11/20/17	Advertising substantiation - health claims	Alleged the defendants deceptively marketed and sold dietary supplements to prevent or treat everything from the common cold to high blood pressure and HIV/AIDS.	Settlement
Federal Trade Commission v. AdoreMe, Inc.	1:17-cv-09083	Southern District of New York	11/20/17	Negative option marketing	Alleged the defendant deceived shoppers who enrolled in a negative-option membership program offering discounts and other benefits, and made it hard for them to cancel their memberships.	Settlement
Federal Trade Commission v. Norm Reeves, Inc., <i>et al.</i>	8:17-cv-01942	Central District of California	11/3/17	Auto financing and leasing advertising	Alleged the defendants violated a 2014 administrative order prohibiting them from misrepresenting how much consumers could pay to finance or lease a vehicle.	Settlement
Federal Trade Commission v. A1 Janitorial Supply Corp., <i>et al.</i>	1:17-cv-07790	Northern District of Illinois	10/30/17	Small business scheme	Alleged the defendants deceptively charged small businesses and non-profit organizations millions of dollars for “free” samples of cleaning and other products.	Litigation ongoing
Federal Trade Commission v. Global Processing Solutions LLC, <i>et al.</i>	1:17-cv-04192-MHC	Northern District of Georgia	10/23/17	Debt collection	Alleged the defendants deceived people into paying money for debts they did not owe.	Settlements and default judgments

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In the Matter of Victory Media, Inc.	FTC Matter No. 162 3210	FTC Administrative Matter	10/19/17	Advertising/endorsement	Alleged the respondent deceptively promoted schools that paid the company for those promotions to members of the military and their families, including some schools the company had deemed not “military friendly.”	Consent agreement
Federal Trade Commission v. Tarr Inc., <i>et al.</i>	3:17-cv-02024-LAB-KSC	Southern District of California	10/3/17	Negative option marketing	Alleged the defendants sold more than 40 weight-loss, muscle-building, and wrinkle-reduction products to consumers through deceptive trial offers that used unsubstantiated health claims, fake magazine and news sites, bogus celebrity endorsements, and phony consumer testimonials.	Settlement
Federal Trade Commission v. Student Debt Doctor LLC and Gary Brent White Jr.	17-CV-61937 WPD	Southern District of Florida	10/2/17	Student debt relief services	Alleged the defendants deceptively and illegally marketed a student debt relief program.	Litigation ongoing

## **Appendix B: Descriptions of Fraud Report Types**

### **Advance Fee Loans, Credit Arrangers**

Complaints about advance-fee loans or advance-fee credit cards, for which the consumer is told he/she has to pay some form of tax or fee prior to obtaining the funds.

### **Business Opportunities\Work-At-Home Plans**

Complaints about business opportunities, which includes offers to assist consumers in starting a new business, often touting high earnings potential and requiring substantial investments of money. Also, complaints about work-at-home plans, which include offers to make money by working from home (e.g. stuffing envelopes or processing medical claims).

### **Counterfeit Check Scams**

Complaints in which a fraudster uses a fraudulent or counterfeit check as part of a scam, including foreign lottery scams, Internet auction scams, phony employment offers (such as secret shopper scams), and check overpayment scams. In check overpayment scams, fraudsters send consumers fraudulent checks for payment. The consumers cash the checks and send any remaining balance back to the fraudsters via wire transfer or prepaid debit card, only later to find that the checks were fraudulent and the consumers are now responsible for the entire deposit.

### **Imposter: Business**

Complaints about a person or entity who manipulates or attempts to manipulate a consumer into revealing confidential information or performing some act. The scammer will claim to represent a company, like a bank, to either obtain consumer information or induce an action by the consumer, like sending money.

### **Impostor: Family\Friend**

Complaints about consumers who are scammed into believing that they are responding to a family member or friend in trouble. Often, scam artists will contact consumers claiming to be or have custody of a family member/friend in distress and in need of an immediate money transfer.

### **Impostor: Government**

Complaints about a person or entity claiming to be working for or affiliated with a government agency. Such claims are attempts to gain consumer trust and induce them into paying a bogus tax debt, fine, or fee, providing their financial account information, or luring them into another scam, such as a foreign lottery or a prize/sweepstakes offer.

### **Invest: Other**

Complaints about investment opportunities not covered by any other investment product/service code.

### **Mobile: Other**

Complaints about general mobile device issues that are not covered by any other telephone product/service code. This would include cell phones, pagers, etc. (Note: This definition was in effect until August 2018).



**Nigerian\Other Foreign Money Offers (not prizes)**

Complaints about Nigerian scams and other foreign money offers, which involve offers consumers receive from someone out of the country. This usually involves consumers being informed that the scammer is due unclaimed funds from a deceased relative or bank president/country official and is requesting consumer assistance in transferring funds to the US.

**Prizes\Sweepstakes\Lotteries**

Complaints about offers of purported prizes, sweepstakes, or lotteries. Often consumers are solicited via telephone, mail, or email, and informed that they have won a prize, sweepstakes, or a lottery. Consumers often are asked to wire an up-front fee in order to receive their winnings, allegedly to cover insurance, shipment, taxes, etc.

**Real Estate (not Timeshares)**

Complaints about real estate sales and advertising (timeshares excluded).

**Romance Scams**

Complaints about a scammer who establishes an online relationship with a consumer under the guise of romance or companionship, but then uses this trust to trick the victim into sending money for different reasons. Variations on this scam include needing money for a plane ticket, requiring assistance for a financial hardship, needing funds to help a sick relative, etc.

**Shop-At-Home\Catalog Sales**

Complaints about product sales via catalog or home shopping. These transactions can take place online, or by fax, mail, or phone.

**Tech Support Scams**

Complaints about a scammer who claims to be a computer technician associated with a well-known company or its products. This individual will say viruses or other malware have been detected on consumers' computers and that remote access is needed for diagnosis/repair; ultimately, the "tech" will give a sales pitch for unnecessary software services, like virus removal. The scammer might also steal any personal information on the victim's computer.

**Telemarketing: Other**

Complaints about telephone calls in which the consumer is offered a product or service for purchase.

**Timeshare Resales**

Complaints about the resale of timeshares. A timeshare is a property that a consumer co-owns with other individuals and is allotted a pre-determined amount of time to reside there. A reseller is a company that offers to sell the consumer's stake in that property for a fee.