

**OPERATION CALL IT QUILTS:
PRESS CONFERENCE STATEMENT
ANDREW SMITH, DIRECTOR
BUREAU OF CONSUMER PROTECTION**

June 25, 2019
10:30 a.m., FTC Midwest Region Office

Good morning, and welcome everyone. I am Andrew Smith, Director of the FTC's Bureau of Consumer Protection. I am pleased to be joined today by Indiana Attorney General Curtis Hill, whose office has long been a leader among our state partners in the fight against illegal robocalls. We also are joined this morning by someone who was subjected to the illegal practices we are challenging today, and you will hear from her in just a minute.

This morning, the Federal Trade Commission and its law enforcement partners are announcing "Operation Call it Quits," a coordinated effort to help stem the scourge of illegal robocalls. I will not bury the lede: Operation Call it Quits has stopped billions of robocalls. These illegal robocallers promised, among other things, to reduce your credit card interest rate (for a fee), help you earn eight figures by working from home (again, for a fee), and get your free (but not really free) medical alert system. Odds are, you got one of those calls — or lots of them.

Operation Call it Quits includes seven FTC actions, eighty-two actions brought by forty state and local law enforcement partners, and five criminal actions brought by five federal partners.

Background

Last year, the FTC got nearly 3.8 million complaints about unwanted robocalls—pre-recorded messages trying to sell something.¹ Now, we know that number is a drop in the bucket

¹ See FED. TRADE COMM'N, DO NOT CALL REGISTRY DATA BOOK (2018), at 6, https://www.ftc.gov/system/files/documents/reports/national-do-not-call-registry-data-book-fiscal-year-2018/2018_dnc_data_book_0.pdf.

of all the robocalls people are getting. But we have seen that number grow dramatically over the last several years, to the point that, on average, we're getting about 10,000 complaints about robocalls *every day*.² And that is just from people who complain to the FTC. It does not come close to the overall number of robocalls we all get. But it does help show why we are all fed up.

We know that robocalls are a cheap and easy way for scammers to reach millions of people. We also know that scammers go to great lengths to avoid detection by law enforcement and to trick people into hearing their pitch. For example, illegal callers fake caller ID information, which hides their identity. But it also makes it more likely that people will answer their call. So, when you see a call that looks like it comes from next door, that call might actually originate from the other side of the world. And if you see a call that says it is from the IRS or Social Security Administration, do not trust it.

Scammers also use a kind of robocall known as “ringless voicemail” where your phone does not even ring, but you get a voicemail. Of course, when you check your messages, you hear a recorded pitch urging you to call back. Absolutely do not call them back. In fact, one of the settlements the FTC is announcing today involves a defendant who contacted consumers with ringless voicemails.

Before I describe the cases we have brought, let me be clear: nearly all robocalls are illegal under the FTC's Telemarketing Sales Rule, unless you have given your consent, *in writing*, to get that call.³ It also is always illegal for telemarketers to transmit phony information to caller ID, so those “spoofed” calls are illegal, too.⁴

² *Id.*

³ 16 C.F.R. § 310.4(b)(1)(v). Under certain circumstances, the TSR excludes calls to induce a charitable contribution from a member of, or previous donor to, a non-profit charitable organization on whose behalf the call is made. 16 C.F.R. § 310.4(b)(1)(v)(B). Moreover, the TSR specifically excludes a “prerecorded healthcare message made by, or on behalf of, a covered entity or its business associate, as those terms are defined in the HIPAA Privacy Rule, 45 CFR 160.103.” 16 C.F.R. § 310.4(b)(1)(v)(D). Prerecorded commercial telemarketing calls without

Enforcement

To date, the FTC has filed 145 cases against 479 businesses and 387 individuals alleging Do Not Call Registry and robocall violations. The FTC has obtained more than \$1.5 billion in judgments, and has collected over \$124 million in civil penalties and other relief.⁵ Our cases today and in the past have targeted all aspects of the robocall ecosystem, including sellers, telemarketers, dialers that blast out the illegal calls, and lead generators.

Today's cases involve robocalls that pitch a variety of products and services. Let me give you a few examples. Earlier this month, the FTC sued a Florida-based operation that we alleged used robocalls to sell a deceptive service to reduce credit card interest rates.⁶ The calls said people could cut their credit card interest rate to zero for the life of the debt and save thousands—but first they had to pay an upfront fee of \$200 to \$8,000. In fact, we alleged that consumers' interest rates were not permanently reduced to zero and they did not save thousands of dollars on their credit card debt. A federal district court in the Middle District of Florida temporarily halted the defendants' scheme, froze their assets, and appointed a receiver over the

express, written consent were prohibited under the 2008 amendments to the TSR, which became effective September 1, 2009. *See, e.g.*, Press Release, Fed. Trade Comm'n, New Rule Prohibiting Unwanted "Robocalls" to Take Effect on September 1 (Aug. 27, 2009), *t* <https://www.ftc.gov/news-events/press-releases/2009/08/new-rule-prohibiting-unwanted-robocalls-take-effect-september-1>. Purely informational recorded messages or calls concerning the collection of debts are not prohibited provided that they do not promote the sale of any goods or services.

⁴ 16 C.F.R. § 310.4(a)(8). It is an abusive telemarketing act or practice and a violation of the TSR for any seller or telemarketer to fail to transmit, or cause to be transmitted, the telephone number and name of the telemarketer or of the seller to any caller identification service in use by a recipient of a telemarketing call. According to the FCC, Caller ID spoofing is not *per se* unlawful. There may be legitimate reasons for spoofing, *e.g.*, by doctors or domestic violence shelters. However, spoofing with the intent to defraud, cause harm, or wrongfully obtain something of value is illegal. *See* FED. COMM'N COMM'N, CONSUMER AND GOV'T AFFAIRS BUREAU, Report on Robocalls, CG Docket No. 17-59 (Feb. 2019), n.32 at 6, <https://docs.fcc.gov/public/attachments/DOC-356196A1.pdf>.

⁵ As of June 5, 2019, 141 cases (127 completed); 465 businesses and 377 individuals named as defendants; more than \$1.5 billion in judgments; more than \$124 million in actual collections (\$72 million in equitable relief; \$52 million in civil penalties). Numbers have been updated to include the four new cases filed as part of Operation Call it Quits.

⁶ *FTC v. First Choice Horizon LLC*, No. 6:19-cv-01028-PGB-LRH (M.D. Fla. June 3, 2019).

corporate defendants. In a few moments, we will hear from Jeri Wilds who will tell you about her first-hand experience with this scheme.

Just a couple of weeks ago, the FTC brought a lawsuit to stop a business opportunity scam that we alleged used not only illegal robocalls, but also internet and social media ads.⁷ Using the name “8 Figure Dream Lifestyle,” the defendants claimed that you could buy a “program membership” for \$2,000 to \$21,000 and could then work from home for fewer than ten hours a week and earn five figures. Our complaint alleged that this “eight figure dream lifestyle” was less of a dream and more of a nightmare. Few people made any money at all buying into the program, and many lost their entire investment. A federal district court in the Central District of California has temporarily halted the defendants’ scheme and frozen the defendants’ assets while litigation continues.

Besides cases against illegal robocallers themselves, we also continue to pursue actions against those who provide dialing services for unlawful telemarketing. In a complaint and settlement announced today, the FTC alleged that serial dialer Derek Jason Bartoli⁸ operated a dialing platform that blasted out tens of millions of illegal calls for various telemarketing operations, including calls to phone numbers on the Do Not Call Registry, robocalls, and calls with inaccurate or spoofed caller ID information. The settlement bans him not just from robocalling, but also from calling telephone numbers on the Do Not Call Registry, and caller ID spoofing.

In another settlement announced today, the FTC and the State of Florida will receive \$2 million from a group of defendants that deceptively marketed their medical alert devices to

⁷ *FTC v. 8 Figure Dream Lifestyle LLC*, No. SACV 19-01165-AG (KESx) (C.D. Cal. June 12, 2019).

⁸ *FTC v. Derek Jason Bartoli*, No. 6:19-cv-01160 (M.D. Fla. June 21, 2019).

seniors through at least one *billion* illegal robocalls.⁹ These robocalls said that people could claim “free” medical alert devices that had been bought for them by friends, family members, or medical professionals. But those devices had not actually been purchased, and the monitoring service was anything but free. The settlement negotiated by the FTC and the State of Florida bans some defendants from any future telemarketing, and bans other defendants from robocalling. As a result of the settlement, these defendants, too, must “call it quits.”

And in March, the FTC announced four robocall settlements with defendants who bombarded people with billions of unwanted and illegal robocalls that pitched auto warranties, debt-relief services, home security systems, fake charities, and Google rankings services.¹⁰ In the Google rankings scam case, for example, eighteen defendants operated a massive robocall scheme where they robocalled more than 74 million people, called 14 million numbers on the Do Not Call Registry, and told small business owners they were about to be removed from Google’s search engine — which, of course, they were not.¹¹

So, today’s actions and the settlements announced in March involve nearly *three billion* illegal robocalls that have now been silenced. These cases, and our partnerships with our federal partners and state law enforcement, demonstrate the FTC’s ongoing commitment to prosecuting illegal robocallers.

⁹ *FTC and State of Florida v. Lifewatch Inc.*, No. 15-cv-5781 (N.D. Ill., amended complaint filed July 14, 2016).

¹⁰ See Press Release, FTC, FTC Crackdown Stops Operations Responsible for Billions of Illegal Robocalls, (Mar. 26, 2019), <https://www.ftc.gov/news-events/press-releases/2019/03/ftc-crackdown-stops-operations-responsible-billions-illegal>.

¹¹ See Press Release, FTC, FTC Disconnects Pointbreak Media Robocall Scheme Defendants (May 15, 2019), <https://www.ftc.gov/news-events/press-releases/2019/05/ftc-disconnects-pointbreak-media-robocall-scheme-defendants>.

Work with Industry

But law enforcement alone is not going to solve this problem. That is why the FTC has worked closely with industry to spur innovation and promote solutions. For example, the FTC has held four public challenges to promote the development of call-blocking tools to protect consumers from those unwanted and illegal calls. When the FTC started these cash-prize contests in 2012, there were just a handful of call-blocking tools on the market. Today, there are hundreds. In addition, we have supported the industry by releasing caller ID numbers identified in Do Not Call complaints. In August 2017, the FTC began publicly releasing this data on a daily basis so that call-blocking apps and telecommunications carriers can use this data to block unwanted calls. Moreover, the FTC also coordinates with its partner agencies, including the FCC, to enhance our efforts to promote industry solutions.¹²

The telecommunications industry currently is working on a system to authenticate caller ID information. Once implemented, this system should help combat spoofing and restore consumers' confidence in their caller ID. Two telecommunications companies already have tested the system, and it is expected to roll out more broadly by the end of this year. The FTC fully supports these efforts.

¹² For example, we have actively supported FCC efforts to allow carriers to block calls. In November 2017, the FCC issued rules permitting carriers to block some—but not all—calls at the network level. *See, e.g.*, Press Release, Fed. Comm'n Comm'n, *FCC Adopts Rules to Allow Phone Companies to Proactively Block Illegal Robocalls* (Nov. 16, 2017), <https://docs.fcc.gov/public/attachments/DOC-347787A1.pdf>. In March 2018, the FCC and FTC held a joint forum on robocalls and call blocking to help spread the message that call blocking can help consumers avoid abusive and fraudulent calls and in April, the FCC and FTC held a joint expo for call-blocking technologists to showcase their products and services. *See, e.g.*, Press Release, FTC, *FTC and FCC to Host Joint Policy Forum and Consumer Expo to Fight the Scourge of Illegal Robocalls* (Mar. 7, 2018), <https://www.ftc.gov/news-events/press-releases/2018/03/ftc-fcc-host-joint-policy-forum-consumer-expo-fight-scourge>.

Education

Last, but certainly not least, I want to highlight the role of consumer education in combatting illegal robocalls. Today, we are releasing new information at ftc.gov/calls, and our message is this: hang up, block, and report.

1. **Hang up:** If you hear a recorded sales pitch when you pick up the phone, hang up — the call is illegal. You never want to buy something from someone who contacts you through an illegal call. Here is a tip: pressing numbers to speak to someone or remove yourself from the list will probably only lead to more robocalls.

2. **Block:** You can reduce the number of unwanted calls you get by using call blocking. At ftc.gov/calls, you will find the FTC’s advice on what to do, based on the type of phone service you have.

3. **Report:** After you hang up on an unwanted or illegal call, report it to the FTC at ftc.gov/complaint. The more data we receive about the call, the better we can target our law enforcement efforts.

These resources at ftc.gov/calls will help anybody who wants to know what to do about robocalls and other unwanted calls. You will find articles, infographics, and three new short videos about stopping unwanted calls on your mobile and home phones and calls from fake numbers.

I wish we were here to announce that robocalls are a thing of the past. But the fact that Operation Call it Quits partners have silenced some *three billion* calls, and blocked some egregiously serial dialers from the industry is important. The continued vigilance shown by every one of these law enforcers is impressive: each case announced today represents months, if not years, of hard work by people dedicated to stopping these illegal calls. We will not let up for

a second in stopping these illegal calls, but we also want your help. Use those call-blocking tools, which you can learn about at [ftc.gov/calls](https://www.ftc.gov/calls). And keep reporting those unwanted calls to the FTC. Those millions of complaints help give us important law enforcement leads, allowing us to bring the kinds of cases we are announcing today.

Thank you all for being here, and again my special thanks to Attorney General Hill, to Jeri Wilds, and to all of the FTC's partners in this effort. Our collective message to robocallers is simple — it is time to call it quits!