

Federal Trade Commission



**Fiscal Year 2016
Congressional Budget Justification**

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EDITH RAMIREZ
CHAIRWOMAN

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

February 2, 2015

The Honorable Ander Crenshaw
Chairman
Subcommittee on Financial Services and General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable John Boozman
Chairman
Subcommittee on Financial Services and General Government
United States Senate
Washington, DC 20510

Dear Chairmen Crenshaw and Boozman:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2016 budget request.

The FTC's FY 2016 budget requests a program level of \$309,206,000 and 1,191 full-time equivalent (FTE) positions. This is an increase of \$16,206,000 from the FY 2015 enacted level. As the justification materials describe, this budget will permit the FTC to continue to meet the ongoing challenges of its mission to protect consumers and promote competition.

By direction of the Commission.


Edith Ramirez

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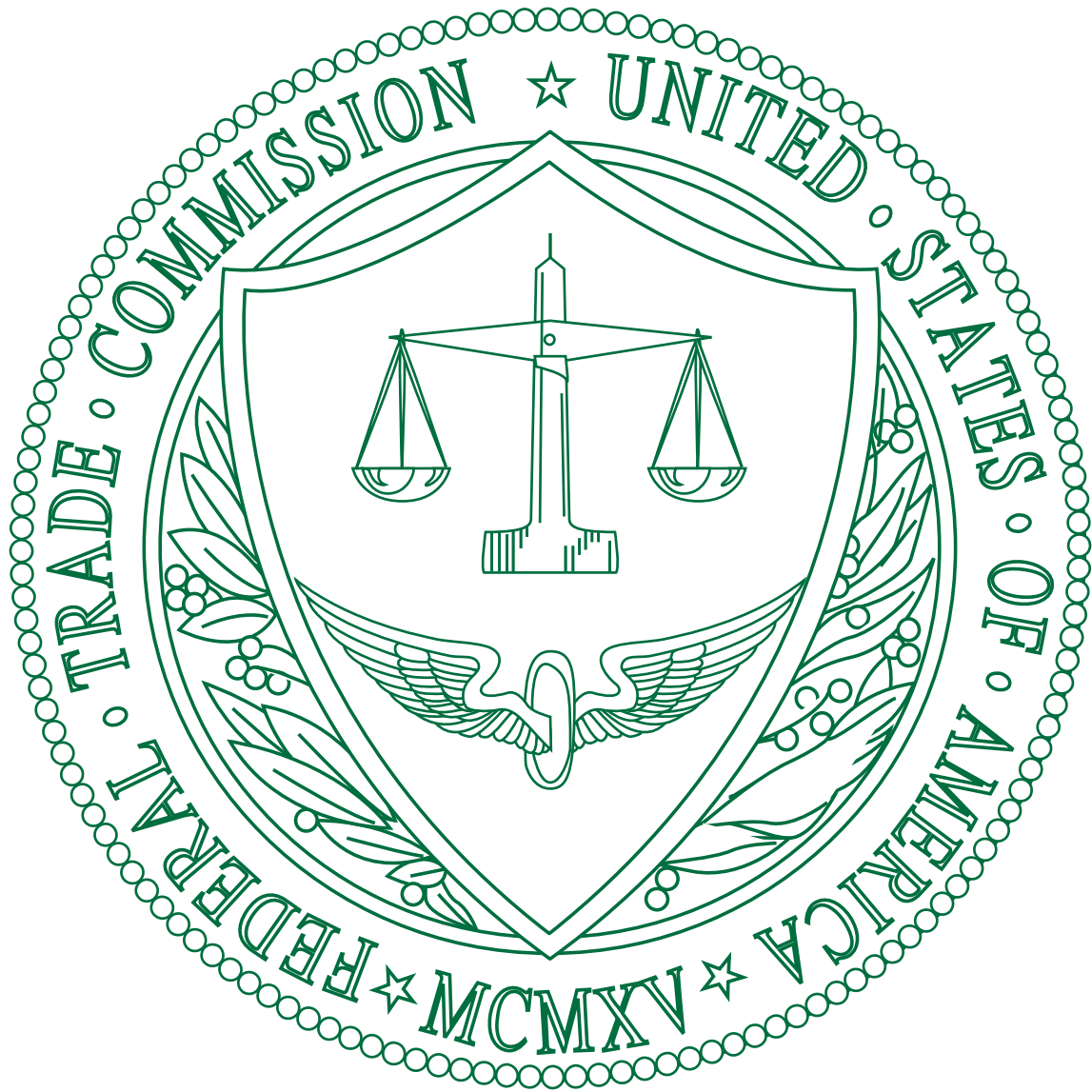
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Budget Request



Budget Request Summary
(\$ in thousands)

	Fiscal Year 2015		Fiscal Year 2016		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Budget by Goal:						
Protecting Consumers	638	\$165,879	647	\$175,043	9	\$9,164
Promoting Competition	538	127,121	544	134,163	6	7,042
Total	1,176	\$293,000	1,191	\$309,206	15	\$16,206

Budget by Funding Source:

Offsetting Collections						
HSR Filing Fees		\$100,000		\$103,500		\$3,500
Do Not Call Fees		14,000		14,000		---
Subtotal Offsetting Collections		\$114,000		\$117,500		\$3,500
General Fund		179,000		191,706		12,706
Total		\$293,000		\$309,206		\$16,206

Summary of Changes
(\$ in thousands)

	FY 2015	FY 2016	Change
Budget Authority	\$293,000	\$309,206	+\$16,206
Full-time Equivalents	1,176	1,191	+15

		FTE	Dollars
Explanation of Changes:			
A. Mandatory Expenses			
Pay raise and upward grade classifications		---	+\$2,940
Program operational costs		---	+773
Contract and other non-pay inflation		---	+2,178
	Subtotal	---	+\$5,891
B. FTE Increases			
Protecting Consumers		+9	+\$1,381
Promoting Competition		+6	+920
	Subtotal	+15	+\$2,301
C. Non-FTE Program Needs			
Increase of \$8,014,000 to information technology operations and investments to protect consumers and promote competition. This funding will be used to fund both increased operational costs and initiatives to modernize and optimize the agency's information technology infrastructure.		---	+8,014
	Subtotal	---	+\$8,014
	Total Change	+ 15	+\$16,206

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Federal Trade Commission Fiscal Year 2016 Overview Statement

The Federal Trade Commission (FTC) has a unique dual mission to both protect consumers and promote competition in broad sectors of the economy. The work of the FTC is critical to protecting and strengthening free and open markets and promoting informed consumer choice. The FTC performs its mission through the use of a variety of tools including law enforcement, rulemaking, research, and consumer and business education. The FTC's vision is a vibrant economy characterized by vigorous competition and consumer access to accurate information. This year the Federal Trade Commission celebrated 100 years of service to the American public. With exceptionally skilled and motivated staff, the agency is well poised for its next century as the lead federal consumer protection agency.

Highlights of FY 2014 Accomplishments

In FY 2014, the FTC took action on a wide variety of significant consumer protection and competition matters. The highlighted actions, detailed below, helped ensure that businesses and consumers alike reaped the full benefits of market competition and product innovation.

PROTECTING CONSUMERS

This fiscal year, the FTC has focused on stopping a wide range of fraudulent practices, protecting consumer privacy and improving data security, combatting unfair or deceptive conduct in the mobile marketplace, and prosecuting false or deceptive health and environmental claims.

In FY 2014, the FTC filed 69 new complaints in federal district court and obtained 99 permanent injunctions and orders requiring defendants to pay more than \$392.0 million in consumer redress or disgorgement of ill-gotten gains, as well as 8 civil contempt orders of more than \$55.8 million. In addition, cases referred to the Department of Justice (DOJ) resulted in 17 court judgments for civil penalties of more than \$13.7 million. Furthermore, the FTC issued 58 new administrative complaints and obtained 53 administrative orders in past and new cases.

During the same timeframe, the Commission issued 6 reports and released 51 new consumer and business education publications.

Fighting Fraud

The FTC has taken enforcement action to stop a variety of fraudulent practices, such as phony business opportunities and investment schemes. The FTC also has stopped scams that target specific communities, such as seniors or non-English speaking consumers.

- **Business Opportunities:** The FTC took action to halt Apply Knowledge, a deceptive work-from-home scheme, that allegedly conned millions of dollars from consumers by falsely telling them they could easily earn thousands of dollars a month by purchasing bogus business coaching services and establishing their own Internet businesses. In another matter, The Tax Club defendants agreed to surrender assets totaling more than \$15 million to resolve charges that they deceptively marketed business development services. The settlement also bans the defendants from selling business coaching services and work-at-home opportunities in the future, subject to certain exemptions.
- **Investment and Pyramid Schemes:** The operators of an investment scheme, Premier Precious Metals, agreed to relinquish approximately \$3 million to resolve FTC charges they conned consumers into buying precious metals on credit without clearly disclosing significant costs and risks. Under the settlement agreement, the defendants are permanently banned from selling any investment opportunities to consumers. In another matter, the operators of Fortune Hi-Tech Marketing, a Kentucky-based pyramid scheme that enrolled more than 350,000 consumers in the last four years, agreed to surrender assets totaling at least \$7.75 million and to a ban from multi-level marketing.
- **Affordable Healthcare Act Spam:** The FTC took action against Kobeni Inc., a website operator that allegedly tricked consumers in advance of the roll-out of the Affordable Care Act (ACA) with spam emails that falsely claimed that consumers would be violating the ACA if they did not immediately click a link to enroll in health insurance.
- **Immigration Services:** At the request of the FTC, a federal court ordered the operators of Loma International Business Group, a Baltimore-based immigration services scam, to pay as much as \$616,000 in refunds to Spanish-speaking immigrants, who were deceived into paying the defendants for immigration services that they were not qualified or authorized to provide. The order bans the defendants from providing or promoting these services in the future.
- **Scams Targeting Spanish-Speaking Consumers:** At the request of the FTC, a federal court temporarily halted Oro Marketing, a telemarketing operation that allegedly targeted Spanish-speaking consumers with false promises that they could make money by reselling high-end goods such as Gucci and Ralph Lauren merchandise, and then charged them between \$400 and \$490 up-front for shoddy, off-brand products. The agency also alleged that the telemarketers threatened

consumers who refused to pay with arrest, phony lawsuits, and referrals to immigration authorities. A federal court temporarily halted and froze the assets of Hispanic Global Way Corporation, an operation that allegedly swindled Spanish-speaking consumers across the country by routinely sending incorrect or defective products, and then making it difficult, impossible, or costly for consumers to obtain refunds. A federal court also temporarily halted Partners In Health Care, a scheme that allegedly tricked Spanish-speaking and other consumers into buying a nearly worthless health care discount card, by falsely claiming that they were offering health insurance.

- **Scams Targeting Seniors:** Under settlements with the FTC and a default judgment entered by the court, the operators of a drug discount scheme directed at seniors have been banned from selling healthcare-related benefits or discount programs. Seven of ten defendants settled FTC charges and are collectively paying more than \$47,000 to satisfy partially suspended judgments. The court entered a default judgment against the remaining three defendants, AFD Advisors LLC, AMG Associates LLC, and Park 295 Corp. that imposes a monetary judgment of \$887,842. The defendants called older Americans across the country and convinced them to turn over their bank account information by offering phony discounts on prescription drugs and pretending to be affiliated with Medicare, Social Security, or medical insurance providers. The defendants then used that information to debit money from consumers' accounts. The FTC also took action to halt First Consumers and Sun Bright Ventures, two telemarketing operations that targeted seniors. First Consumers allegedly scammed over \$20 million from seniors by claiming to sell fraud protection and pharmaceutical benefit services. Sun Bright Ventures allegedly tricked senior citizens by pretending to be part of Medicare, and took millions of dollars from consumers' bank accounts without their consent. At the request of the FTC and the Office of the Florida Attorney General, a U.S. district court temporarily halted and froze the assets of Worldwide Info Services, an operation that allegedly used robocalls to pitch purportedly "free" medical alert devices to senior citizens by falsely representing that the devices had been purchased for them by a relative or friend. All three cases remain in litigation. Additionally, the FTC announced Pass It On, a new education campaign that encourages older people to help their communities recognize and report frauds and scams. The campaign reinforces what older people already know about common scams and gives them resources to share with friends and family members.
- **Scams Targeting Small Businesses:** At the request of the FTC, federal judges temporarily halted four operations – National Business Advertising, Your Yellow Pages, Your Yellow Book, and OnlineYellowPagesToday.com – that allegedly bilked millions of dollars from small businesses, churches, nonprofits and local government agencies by charging them for unwanted listings in online "yellow pages" directories. In another business directory scam case, a federal court entered

a default judgment against Canadian-based Online Public Yellow Pages, entering a \$15.6 million judgment. In addition to these cases, the FTC took action against Standard Industries LLC for allegedly bilking nonprofits, businesses, and municipalities out of millions of dollars by deceptively sending them overpriced light bulbs and cleaning supplies they never ordered.

- **Robocalls:** The final six of ten Key One defendants named in an alleged “Rachel from Cardholder Services” scam agreed to settle FTC charges that they misled consumers with bogus claims that they would lower their credit card interest rates. The settlement bans the defendants from telemarketing as well as from marketing debt relief services and imposes a partially suspended \$11.9 million judgment. In its latest step in the ongoing campaign against illegal prerecorded telemarketing calls, the FTC issued a new challenge, called “Zapping Rachel,” to obtain help building the ultimate “honeypot” to lure and identify perpetrators of illegal robocalls. The challenge consisted of three stand-alone contests hosted at the DEF CON 22 conference. Judges selected individual winners for “Creator” and “Attacker” phases and each received \$3,133.70. The winning team for the “Detective” phase shared the \$3,133.70 prize. The winning solutions include open-source code and are designed to assist in the battle against robocallers.
- **Diploma Mills:** At the request of the FTC, a federal court temporarily halted Jefferson High School Online, a diploma mill that allegedly grossed more than \$11 million from marketing and selling fake high school diplomas to consumers nationwide.
- **Tech Support Scams:** The FTC took action to halt Pairsys, Inc., a company that allegedly scammed computer users by tricking them into paying hundreds of dollars for technical support services they did not need, as well as software that was otherwise available for free.

Protecting Consumers in the Financial Marketplace

Even as the economy recovers, many consumers continue to face financial challenges. The FTC has continued to take enforcement actions to stop deceptive or unfair practices in the financial marketplace.

- **Deceptive Mortgage Practices:** The promoters of a phony mortgage relief scheme, Prime Legal Plans, agreed to pay nearly \$3.6 million and to be permanently banned from providing mortgage relief and debt relief services to consumers. This settlement represents the FTC’s largest judgment to date against a purported mortgage assistance relief provider. In addition, Intermundo Media agreed to pay a \$500,000 civil penalty to settle FTC charges that it deceived consumers with ads that falsely claimed they could refinance their mortgages for free.

- **Debt Relief Services:** The FTC charged Debt Pro 123 with billing consumers thousands of dollars after making deceptive claims that it would provide legal advice, settle consumers' debts, and repair their credit in three years or less. Instead, the scheme often left consumers in financial ruin. The FTC also asked a federal court to shut down American Bill Pay, a scam that allegedly targeted financially distressed Americans by pitching a phony debt relief and credit repair program, and by falsely claiming the program was provided by and funded by the federal government and endorsed by President Obama.
- **Debt Collection:** The FTC has continued to take action against debt collectors engaging in deceptive and abusive collection practices. The FTC charged a debt collection operation, United Check Processing, with misrepresenting that they were representatives of the government, falsely accusing consumers of committing check fraud, and then threatening consumers with arrest if they did not pay. In addition, FTC took action against Williams, Scott & Associates for allegedly using deception and threats to collect \$3.5 million in phantom payday loan "debts" that consumer did not owe. The FTC also halted the abusive debt collection practices of Pinnacle Payment Services, LLC, and under settlements with the FTC and a default judgment from the court, the company and its principals have been barred from debt collection activities and are subject to a \$9,384,628 judgment, which has been partially suspended for most of the defendants, due to their inability to pay. Consumer Portfolio Services, a national subprime auto lender, agreed to pay more than \$5.5 million to settle FTC charges it used illegal tactics to service and collect consumers' loans, including collecting money consumers did not owe, harassing consumers and third parties, and disclosing debts to friends, family, and employers. The FTC also obtained settlements in two cases in which the defendants allegedly extorted payments from consumers by making false threats. The two principal owners of Rincon Debt Management, Jason R. Begley and Wayne W. Lunsford, agreed to surrender more than \$3.3 million worth of assets and to be permanently banned from the debt collection business. In addition, Asset Capital and Management Group agreed to pay more than \$4 million and to be permanently banned from the debt collection industry. In addition, the Regional Adjustment Bureau agreed to pay a \$1.5 million civil penalty to settle FTC charges that the Memphis-based company used unfair and deceptive collection tactics, such as repeatedly calling consumers and accusing them of owing debts that they did not owe, making unauthorized withdrawals from consumers' bank accounts, and disclosing confidential information about debtors to third parties.
- **Payday Lending:** Payday Financial will pay a \$550,000 civil penalty for violating the Credit Practices Rule, which prohibits payday lenders from requiring borrowers to consent to have wages taken directly out of their paychecks in the event of a default. In addition, Payday Financial and Financial Solutions will pay \$414,740 as disgorgement of ill-gotten gains stemming from their prior practice of attempting

to garnish consumers' wages without court orders. The FTC also stopped CWB Services, an online payday lending scheme that allegedly bilked people out of tens of millions of dollars by trapping them into loans they never authorized and then used the supposed "loans" as a pretext to take money from their bank accounts.

- **Risk-Based Pricing Rule:** Time Warner Cable, Inc. agreed to pay a \$1.9 million civil penalty to settle FTC charges that it violated the Risk-Based Pricing Rule, which requires creditors to give notice to consumers who are provided less favorable credit terms based on information in their credit reports. The settlement marks the first enforcement case the agency has brought since finalizing its amended Risk-Based Pricing Rule in 2011.
- **Auto Dealers:** The FTC announced "Operation Steer Clear," a nationwide sweep focusing on the sale, financing, and leasing of motor vehicles. The FTC charged ten auto dealers with making a variety of misrepresentations in their advertisements, falsely leading consumers to believe they could purchase vehicles for low prices, finance vehicles with low monthly payments, and/or make no upfront payment to lease vehicles.
- **Bitcoin Mining:** The FTC took action against Butterfly Labs, a Missouri-based company that allegedly charged consumers thousands of dollars for its Bitcoin computers, but then failed to provide the computers until they were practically useless, or in many cases, did not provide the computers at all.

Privacy and Data Security

The FTC has employed a multi-pronged approach to protect the privacy of consumers' personal information, including both policy efforts and law enforcement.

- **Spring Privacy Series:** In the spring of 2014, the FTC hosted a series of seminars to examine the privacy implications of three new areas of technology that have garnered considerable attention for both their potential benefits and the possible privacy concerns they raise for consumers. The seminars focused on (1) mobile device tracking – tracking consumers in retail and other businesses using signals from their mobile devices; (2) alternative scoring products – using predictive scoring to determine consumers' access to products and offers; and (3) consumer-generated and controlled health data – information provided by consumers to non-HIPAA covered websites, health apps, and devices.
- **Data Broker Report:** The FTC issued a report in May 2014 on the data broker industry recommending that Congress consider enacting legislation to make data broker practices more visible to consumers and to give consumers greater control over the immense amounts of personal information about them collected and shared by data brokers. The report, "Data Brokers: A Call for Transparency and

Accountability,” is the result of a study of nine data brokers, representing a cross-section of the industry, undertaken by the FTC to shed light on the data broker industry.

- **Spyware:** Aaron’s, a national rent-to-own retailer, agreed to settle FTC charges that it knowingly played a role in its franchisees’ installation and use of software on rental computers that secretly monitored consumers, including taking webcam pictures of them in their homes. Among other things, the settlement prohibits Aaron’s from using monitoring technology to gather consumers’ information from rental computers, or receiving, storing, or communicating such information, except to provide technical support at a consumer’s request.
- **Fair Credit Reporting Act (FCRA):** TeleCheck Services, Inc., one of the nation’s largest check authorization service companies, agreed to pay \$3.5 million to settle FTC charges it violated the FCRA. TeleCheck allegedly failed to follow proper dispute procedures, to follow reasonable procedures to assure the maximum possible accuracy of the information it provided to its merchant clients, and to correct errors in consumers’ reports. Two data brokers – Instant Checkmate, Inc. and InfoTrack Information Services – agreed to pay civil penalties to resolve charges they violated the FCRA by providing reports about consumers to users such as prospective employers and landlords without taking reasonable steps to make sure that they were accurate, or without making sure their users had a permissible reason to obtain them.
- **Safe Harbor Violations:** The FTC approved final orders that settle charges against 14 companies for falsely claiming to participate in the international privacy framework known as the U.S.-EU Safe Harbor. Under the settlements, the companies are prohibited from misrepresenting the extent to which they participate in any privacy or data security program sponsored by the government or any other self-regulatory or standard-setting organization.
- **Mobile App Privacy and Data Security:** Credit Karma and Fandango agreed to settle FTC charges that they misrepresented the security of their mobile apps and failed to secure the transmission of millions of consumers’ sensitive personal information from their mobile apps. The settlements with Fandango and Credit Karma are part of the FTC’s ongoing effort to ensure that companies secure the applications they develop and keep their privacy promises to consumers. Snapchat, the developer of a popular mobile messaging app, agreed to settle FTC charges that it deceived consumers with promises about the disappearing nature of messages sent through the service.

An August 2014 report issued by the FTC found that many mobile shopping apps do not provide consumers with important information, such as how the apps manage payment-related disputes or handle consumer data, prior to download.

The report, [“What’s the Deal? An FTC Study on Mobile Shopping Apps,”](#) looked at some of the most popular apps used by consumers to comparison shop, collect and redeem deals and discounts, and pay in-store with their mobile devices. The report builds on the findings of the Commission’s [2012 workshop on mobile payments and the report from that workshop](#), which raised concerns about consumers’ potential financial liability and the privacy and security of their data when using mobile payment services.

- **Identity Theft:** The FTC maintains the federal government’s central repository for identity theft complaints. Consumers can file complaints through the agency’s website or by calling a toll-free number (1-877-ID-THEFT). Trained counselors advise identity theft victims about their rights and the remedies available to them under federal law. In FY 2014, the FTC released publications in English and Spanish to help consumers keep their personal information secure.

Keeping Pace with Technology

The FTC continues to focus on consumer protection issues that arise from the use of new technologies, such as the explosive growth in the use of mobile devices.

- **Mobile Apps:** Apple Inc. and Google Inc. agreed to provide full refunds to consumers, with Apple paying a minimum of \$32.5 million and Google a minimum of \$19 million, to settle FTC complaints that the companies billed consumers for millions of dollars of charges incurred by children in kids’ mobile apps without their parents’ consent. Under the terms of the settlement agreements, Apple and Google are required to change their billing practices to ensure that they have obtained express, informed consent from consumers before billing them for in-app charges. The FTC also charged Amazon.com, Inc. with allegedly billing parents and other account holders for millions of dollars in unauthorized in-app charges incurred by children. The FTC’s lawsuit seeks a court order requiring refunds to consumers for the unauthorized charges and requiring the company to obtain consent before billing for in-app charges.
- **Mobile Cramming:** The FTC continues to take action to fight mobile cramming to deter third parties from placing unauthorized charges on consumers’ phone bills. The operators of Bullroarer, a massive mobile cramming scheme, agreed to surrender more than \$10 million in assets to settle FTC charges they allegedly placed charges on consumers’ mobile phone bills without their permission. The assets include the contents of numerous bank accounts; real estate in Los Angeles, Beverly Hills, and Chicago; and a number of cars and pieces of jewelry. The operators of Wise Media agreed to pay over \$675,000 to settle FTC allegations that they crammed charges on consumers’ cell phone bills without their consent. The settlement permanently bans the defendants from placing any charges on consumers’ telephone bills. The FTC also took action to halt MDK Media, a mobile phone

cramming scheme that allegedly piled more than \$100 million in charges on consumers' mobile phone bills without their permission.

The FTC also charged T-Mobile USA, Inc. and AT&T Mobility, Inc. with placing charges on mobile phone bills for third-party services that were never authorized by their customers. The FTC alleges T-Mobile received anywhere from 35 to 40 percent of the total amount charged to consumers for subscriptions for content such as flirting tips, horoscope information, or celebrity gossip that typically cost \$9.99 per month. AT&T also allegedly received at least 35 percent of the third-party charges it imposed. Both T-Mobile and AT&T received very high volumes of complaints from their customers that these charges were not authorized. To resolve the FTC's charges, in October 2014, AT&T agreed to pay \$80 million to provide refunds to its customers, and in December 2014, T-Mobile agreed to pay at least \$90 million to provide refunds.

- **Emerging Advertising Issues:** In December 2013, the FTC hosted a workshop that examined the practice of blending advertisements with news, entertainment, and other editorial content in digital media, referred to as "native advertising" or "sponsored content." The workshop brought together publishing and advertising industry representatives, consumer advocates, academics, and self-regulatory organizers to explore the ways in which sponsored content is presented to consumers online and in mobile apps, consumers' recognition and understanding of it, and effective ways of differentiating it from editorial content.
- **Text Message Spam:** Twelve defendants that allegedly enticed consumers with bogus text message offers of "free \$1,000 gift cards" for major retailers agreed to pay \$2.5 million in settlements with the FTC. The settlements ban all the defendants from being involved in the distribution of unwanted spam text messages, as well as from misrepresenting whether a good service is "free," or whether a consumer has won a contest or prize.

Health and Environmental Advertising Claims

The FTC continues to take action to stop false and unsubstantiated health claims.

- **Weight Loss:** The FTC announced "Operation Failed Resolution" as part of its ongoing effort to stop misleading claims for products promoting easy weight loss and slimmer bodies. The marketers of Sensa, who exhorted consumers to "sprinkle, eat, and lose weight," paid \$26.5 million to settle FTC charges that they deceived consumers with unfounded weight-loss claims and misleading endorsements. L'Occitane paid \$450,000 to settle charges it made unsubstantiated claims about the slimming properties of its Almond Beautiful Shape and Almond Shaping Delight skin creams. The agency also reached a partial settlement in its case against LeanSpa, LLC, an operation that allegedly deceptively promoted acai

berry and “colon cleanse” weight-loss supplements through fake news websites. The LeanSpa settling defendants will surrender assets totaling an estimated \$7.3 million. In two other cases, the FTC sued Kevin Wright and resolved charges against HCG Diet Direct for their marketing of HCG products for weight loss. HCG, or human chorionic gonadotropin, is a hormone produced by the human placenta that, for decades, has been falsely promoted by various marketers for weight loss. The FTC also sued NPB Advertising, a Florida-based operation that capitalized on the green coffee diet fad by using bogus weight loss claims and fake news website to market the dietary supplement Pure Green Coffee. Popularized on the syndicated talk show “The Dr. Oz Show,” green coffee bean extract was touted as a potent weight loss treatment that supposedly burns fat. In addition, Applied Food Sciences agreed to pay \$3.5 million to settle FTC charges that it used the results of a flawed study to make baseless weight-loss claims about its green coffee extract to retailers, who repeated those claims when marketing dietary supplements and other products. According to the FTC, the study, which was touted on “The Dr. Oz Show” as clinical proof that green coffee bean causes substantial weight and fat loss, was so seriously flawed that no reliable conclusions could be drawn from it.

Icon Health & Fitness, Inc. (ICON) and its related entities agreed to pay \$3 million in civil penalties to settle charges that the companies violated a 1997 FTC consent order by advertising that consumers could lose pounds, inches, or clothing sizes by using their exercise equipment for just three minutes a day. ICON also agreed to vacate the prior FTC order and enter into a new administrative order that will terminate 20 years from the date the Commission issues it.

- **Disease Treatments:** A U.S. district court found that Wellness Support Network and its principals violated the FTC Act by marketing bogus remedies for treating and preventing diabetes. The court ordered the defendants to pay nearly \$2.2 million and prohibited them from claiming that their supplements would treat and prevent diabetes, unless they had rigorous scientific proof for their claims. In a separate case, TriVita agreed to provide \$3.5 million for consumer refunds to settle FTC charges that it deceived consumers with unsupported claims that its cactus-based fruit drink would treat a variety of health problems. Lornamead agreed to pay \$500,000 to settle FTC charges they deceived consumers with exaggerated claims about its lice-prevention products and is prohibited from making further deceptive lice-prevention claims.

The FTC works to ensure that energy-efficient and environmentally-friendly product claims are truthful and based on solid evidence.

- **Light Bulbs:** At the request of the FTC, a federal court ordered Lights of America, a light bulb manufacturer, and its owners to pay more than \$21 million for misleading consumers by exaggerating the performance of their Light Emitting Diode

(LED) light bulbs. The court order permanently prohibits the defendants from misrepresenting material facts about their lighting products, including the light output, energy costs, and lifetime of the product.

- **Biodegradable Plastics:** In October 2013, the FTC announced six enforcement actions, including one that imposes a \$450,000 civil penalty and five that for the first time address biodegradable plastics claims. AJM agreed to pay the \$450,000 civil penalty to settle FTC charges that it violated a 1994 order by failing to have competent and reliable evidence to substantiate claims that its products will biodegrade within one year when disposed in a landfill, its products will compost in a safe and timely manner in a home composting pile, and its paper plates are recyclable.
- **Fuel Additives:** Under a settlement with the FTC, the marketers of a fuel additive called EnviroTabs will pay \$800,000 for consumer redress and are prohibited from making false, misleading, or unsubstantiated claims that EnviroTabs, when added to any type of fuel, will increase fuel efficiency, reduce emissions, and save consumers money.

Protecting Children

The FTC has continued its efforts to protect children. In March 2014, the FTC released its fourth major study on alcohol industry compliance with self-regulatory guidelines, including those designed to address concerns about youth access to alcohol marketing. For the first time, the agency obtained substantial information on Internet and digital marketing and data collection and use practices. Online review site Yelp, Inc., and mobile app developer TinyCo, Inc., agreed to settle separate FTC charges that they improperly collected children's information in violation of the Children's Online Privacy Protection Act Rule. Under the terms of the settlements, Yelp will pay a \$450,000 civil penalty, while TinyCo will pay a \$300,000 civil penalty.

Order Enforcement

The FTC continues to place a priority on aggressively enforcing its orders against repeat offenders. The FTC had a trio of successes with contempt judgments issued against the Suntasia defendants Bryon Wolf and Roy Eliasson for \$14.75 million and the Hi-Tech defendants for \$40.12 million, as well as the triggering of a \$26.97 million avalanche clause against Jonathan Eborn, a defendant in Google Money Tree. According to the contempt order, Bryon Wolf and Roy Eliasson violated a December 2008 court order that barred them from making misrepresentations and billing consumers without authorization. Two of the Hi-Tech defendants, Jared Wheat and Stephen Smith, were incarcerated to force them to comply with a product recall order handed down by the court. Jonathan Eborn lied about his financial assets in an effort to hide them from the FTC when he agreed to settle with the agency in 2010, and he is now required to pay the full judgment amount.

Aid to Criminal Law Enforcement

The FTC continues to refer particularly egregious violators to criminal law enforcement agencies for prosecution. During FY 2014, federal and state criminal authorities charged 150 defendants and their associates with crimes arising from acts investigated or prosecuted by the Commission. During this period, 44 such defendants and their associates were convicted or pled guilty, and 46 defendants were sentenced to prison terms.

International Consumer Protection

In FY 2014, the FTC's Office of International Affairs (OIA) assisted with consumer protection investigations, litigation, and enforcement-related projects. OIA also continued to develop strong bilateral relationships with foreign consumer, privacy, and law enforcement authorities around the globe, and represented the agency in international organizations on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

Strong cross-border cooperation is key to effective law enforcement. At the FTC's request, in FY 2013, Congress renewed the FTC's authority under the U.S. SAFE WEB Act of 2006 to cooperate with foreign law enforcers. In FY 2014, the FTC used this authority to share information in response to 14 requests from 6 foreign law enforcement agencies and issued 26 civil investigative demands on behalf of 5 foreign agencies in 8 investigations. In many cases, these agencies were investigating frauds targeting Americans. Using its SAFE WEB Act authority, the FTC also filed a federal district court proceeding for judicial assistance under 28 U.S.C. § 1782 to obtain information in aid of fraud litigation by Canada's Competition Bureau. The agency has also expanded significantly its analysis of cross-border consumer complaints in Consumer Sentinel: Last year, the FTC, for the first time, included information about complaints against companies by geographic region in its annual cross-border fraud complaint report.

The FTC also expanded its international privacy enforcement activities by entering into a memorandum of understanding on enforcement cooperation with the United Kingdom's data protection authority, the Information Commissioner's Office. The FTC also took a leading role in finalizing a project mapping the Asia-Pacific Economic Cooperation (APEC) Cross Border Privacy Rules and EU Binding Corporate Rules, two systems for protecting consumer data transferred across borders. The document, jointly designed by APEC officials and the EU's Article 29 Data Protection Working Party, is designed to be a practical reference tool for companies that seek "double certification" under these two systems.

The FTC took a leading role in various international enforcement networks, serving as the Secretariat of the International Consumer Protection Enforcement Network, a global network of consumer protection authorities that combats cross-border consumer fraud,

and as Secretariat of the London Action Plan, a public-private network that addresses spam and other messaging abuses, including do-not-call violations.

The FTC also played a leading role in consumer and privacy policy discussions at the Organization for Economic Cooperation and Development (OECD), the United National Conference on Trade and Development (UNCTAD) and other international organizations. The FTC has been actively involved in negotiations on the revision of the 1999 OECD Guidelines on Consumer Protection in the Context of Electronic Commerce and played a significant role in the development of “best practices” policy guidance documents on consumer protection for mobile and online payments and for intangible digital content products by the OECD’s Committee on Consumer Policy.

During FY 2014, the FTC conducted 19 technical assistance missions for developing consumer protection and privacy agencies around the world, supported by a mix of funding sources from the FTC the Department of Commerce’s Commercial Law Development Program and the recipient agencies. The agency also hosted an International Fellow from the European Commission who focused on advertising practices issues.

Law Enforcement Tools

- **Consumer Response Center (CRC):** In FY 2014, the CRC handled more than 37,000 inquiries and complaints from consumers and businesses each week, or 1.9 million annually.
- **Consumer Sentinel Network (CSN):** In FY 2014, 5.62 million fraud, identity theft, financial, and DNC complaints were added to the FTC’s CSN database. CSN is currently accessible to more than 2,000 law enforcement partner agencies worldwide.
- **National Do Not Call Registry:** The Registry has continued to protect consumers from receiving unwanted commercial telemarketing calls. In FY 2014, telephone numbers on the Registry exceeded 216 million.

Advocacy Tools

The FTC files comments with federal and state government bodies to advocate policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision-making. The FTC provided advocacy comments with NACHA (The Electronic Payments Association), supporting its proposal to strengthen its rules to monitor bank debit transactions conducted through the Automated Clearinghouse (ACH) Network.

PROMOTING COMPETITION

The FTC actively enforces the antitrust laws in a range of industries of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. In FY 2014, the agency brought 25 new competition law enforcement actions (merger and non-merger), conducted several important workshops, published reports, and pursued advocacy opportunities to promote competition and educate stakeholders about its benefits. The FTC also continued to vigorously monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the Hart-Scott-Rodino (HSR) Act.

Of the 25 new matters, 17 were merger enforcement challenges, resulting in 13 consent agreements, three transactions abandoned or restructured as a result of antitrust concerns raised during the course of the investigation, and one case in which the parties abandoned the transaction after being notified that the Commission had authorized staff to file a complaint in federal court to block the acquisition. In FY 2014, merger enforcement actions spanned numerous markets, including pharmaceuticals, hospitals, funeral homes and cemeteries, high tech goods, professional services, and supermarkets. The FTC also conducted an initial review of hundreds of mergers pursuant to the HSR Act, and granted early termination of the HSR waiting period where harm to competition appeared unlikely. Eight of the enforcement actions challenged anticompetitive conduct, including one administrative proceeding and one federal court permanent injunction action. Six of those actions were settled. They involved anticompetitive trade association rules, an illegal agreement not to compete for product endorsers, or invitations to collude.

Health Care and Pharmaceuticals

The health care and pharmaceutical industries were again a priority area for competition enforcement. In general, the agency works to promote competition in health care by preventing anticompetitive health care mergers, stopping harmful joint conduct by health care providers, and eliminating impediments to entry by generic drug producers.

- **Pharmaceutical Pay-for-Delay Settlements:** The FTC has engaged in vigorous enforcement relating to anticompetitive “pay-for-delay” settlements of patent litigation in the pharmaceutical industry, in which a brand name drug company pays a generic drug company to delay its entry into the market. FTC staff estimates that these deals cost consumers billions of dollars annually, including substantial costs to the government, which pays almost one-third of the nation’s prescription drug costs. In June 2013, the Supreme Court held that pay-for-delay agreements are subject to antitrust scrutiny, reversing a lower court dismissal of the FTC’s case against Actavis. As a result, the FTC resumed its litigation against Actavis, the maker of the drug AndroGel, and two generic drug manufacturers, charging that the companies agreed that the generic manufacturers would abandon their patent challenges relating to AndroGel and delay marketing a generic formulation of the testosterone replacement drug in return for certain “exclusion payments.”

The FTC also continued its challenge in federal court to a pay-for-delay agreement between Cephalon and four generic rivals for its branded drug Provigil, a treatment for sleep apnea, narcolepsy, and shift-work sleep disorder.

In September 2014, the Commission filed a complaint in federal district court alleging that AbbVie Inc. and its partner Besins Healthcare filed baseless “sham” patent infringement lawsuits against potential competitors to delay entry of lower-priced generic versions of the testosterone replacement drug AndroGel. While the lawsuits were pending, AbbVie signed an illegal reverse patent settlement with Teva to further delay generic entry. The Commission is seeking a court order permanently barring the parties from engaging in similar anticompetitive behavior and requiring disgorgement of ill-gotten gains.

The Commission also filed two amicus briefs in federal court proceedings involving potentially anticompetitive conduct by pharmaceutical firms. The FTC urged the U.S. Court of Appeals for the Third Circuit to reverse a district court’s ruling on patent settlements in which the brand-name drug firm agrees not to launch an authorized generic in exchange for delaying generic entry. The FTC’s amicus brief before the U.S. District Court for the District of New Jersey addresses the appropriate application of antitrust principles to potentially exclusionary conduct by branded drug manufacturers to prevent a generic manufacturer from obtaining samples of certain limited distribution branded products.

- **Pharmaceutical Mergers:** During FY 2014, the FTC reviewed numerous proposed and consummated acquisitions in pharmaceuticals and related industries and took action to preserve competition that otherwise would have been lost due to these transactions. For example, in FY 2014 the FTC challenged Akorn Enterprises’ proposed acquisition of Hi-Tech Pharmacal and required the companies to divest the rights and related assets to five drug products as well as a manufacturing contract for branded and generic drugs to Watson. In another matter, the FTC challenged Thermo Fisher Scientific’s acquisition of Life Technologies and required Thermo Fisher Scientific to sell its Dharmacon gene modulation business and other specified assets to GE Healthcare to preserve competition in the markets for short-small interfering ribonucleic acid (siRNA) reagents, cell culture media, and cell culture sera. In another action, the Commission required pharmaceutical company Actavis to divest rights to three current generic drugs as well as one in development to remedy competitive concerns related to Actavis’ acquisition of Forest Laboratories. In August 2014, the FTC challenged two proposed pharmaceutical acquisitions. The Commission required Prestige Brands, the maker of Dramamine, to divest assets and rights for over-the-counter motion sickness drug Bonine to maintain the close competition that would be lost through its proposed acquisition of Insight Pharmaceuticals. In another matter, the FTC challenged Akorn’s acquisition of VersaPharm and required Akorn to sell its rights to the generic injectable tuberculosis drug rifampin to remedy competitive concerns.

- **Health Care Provider Mergers:** The FTC also continued to vigorously challenge anticompetitive acquisitions in health care provider markets. In January 2014, a federal court in Idaho issued a permanent injunction enjoining St. Luke's Health System's acquisition of Saltzer Medical Group, Idaho's largest independent, multi-specialty physician practice group, and requiring full divestiture of Saltzer's physicians and assets. The complaint, which was filed by the FTC, together with the Idaho Attorney General, charged that the combination of St. Luke's employed primary care physicians and Saltzer's physicians would give the merged firm the market power to demand higher rates for primary care physician services in Nampa, Idaho, and surrounding areas. This case is on appeal.

In April 2014, the FTC settled charges that Community Health Systems' proposed acquisition of Health Management Associates would cause competitive harm in the market for general acute care inpatient services for commercially insured patients in two geographic markets: Etowah County, Alabama and Darlington County, South Carolina. The FTC issued an order requiring Community Health Systems to divest hospitals in Gadsden, Alabama and Hartsville, South Carolina to restore the competition that would otherwise be lost due to the acquisition.

Also in April 2014, in the first appellate decision in a health care provider merger in 15 years, the U.S. Court of Appeals for the Sixth Circuit upheld the Commission's 2012 decision finding that ProMedica Health System, Inc.'s acquisition of its rival, St. Luke's Hospital, violated the antitrust laws and was likely to result in higher health care costs in the area surrounding Toledo, Ohio. The Commission's order requires ProMedica to divest St. Luke's Hospital to an FTC-approved buyer. In December 2014, ProMedica filed a petition for certiorari with the U.S. Supreme Court.

- **U.S. Supreme Court Review of State Action Doctrine:** For the third time in two terms, the Supreme Court granted certiorari in a case brought by the FTC. In May 2013, the U.S. Court of Appeals for the Fourth Circuit unanimously upheld a Commission decision that the North Carolina State Board of Dental Examiners illegally thwarted lower-priced competition by engaging in anticompetitive conduct to prevent non-dentists from providing teeth whitening services to consumers in the state without any countervailing procompetitive justification. Specifically, the Fourth Circuit agreed with the Commission that a state regulatory board dominated by self-interested private actors cannot shield its anticompetitive conduct from antitrust review using the state action doctrine. In March 2014, the Supreme Court granted the North Carolina State Board of Dental Examiners' petition for certiorari, and the case was heard in October 2014.

The Commission also continues its efforts to promote hospital competition near Albany, Georgia after a unanimous Supreme Court decision in 2013 overturned the U.S. Court of Appeals for the Eleventh Circuit's and district court's rulings

that the state action doctrine barred the Commission from taking action against Phoebe Putney Health System's 2010 acquisition of Palmyra Park Hospital.

Manufacturing and Technology

Manufacturing and technology sectors continued as high priorities for the FTC.

- **Manufacturing:** In April 2014, the Commission successfully concluded its litigation (seeking a preliminary injunction in federal court following issuance of a Part III administrative complaint) challenging Ardagh Group's \$1.7 billion dollar acquisition of rival glass container manufacturer Saint-Gobain Container that would have combined the second and third largest manufacturers of glass containers for beer and spirits. In settlement of the charges, the Commission finalized a consent order in June 2014 requiring Ardagh to divest six manufacturing plants and related assets to preserve competition. In another case, the Commission issued its Opinion and Final Order against McWane, Inc., the largest U.S. supplier of ductile iron pipefittings used in municipal and regional water distribution systems. The Commission affirmed, in part, a May 2013 Initial Decision by the Administrative Law Judge finding that McWane unlawfully maintained its monopoly in the domestic pipefittings market through exclusionary conduct. The case is now on appeal to the United States Court of Appeals for the Eleventh Circuit.
- **Technology:** The FTC issued a consent order to remedy competitive concerns arising from Corelogic's \$661 million proposed acquisition of DataQuick information systems. The consent order requires Corelogic to license its RealtyTrac assessor and recorder bulk data to preserve competition that would have been lost in this information market critical to the real estate industry. The FTC also took action to preserve competition in the market for title plants, databases of real property title information used by real estate title insurers to verify proper title and to facilitate the real estate lending process. The Commission's consent order requires Fidelity National Financial and Lender Processing Services (LPS) to divest a copy of LPS's title plants covering certain local Oregon markets as well as an ownership interest in a joint title plant serving the Portland, Oregon metropolitan area.

Retail and Professional Services

In FY 2014, the Commission continued to take action to preserve competition in economic sectors with the most direct impact on the pocketbooks of American consumers, such as retail goods and professional services.

- **Supermarkets:** The FTC challenged two separate proposed acquisitions that would likely have reduced competition in local retail grocery markets. The Commission issued a consent order requiring Bi-Lo Holdings and Delhaize Group to divest supermarkets in Florida, Georgia, and South Carolina to FTC-approved buyers. The Commission also issued a consent order requiring Albertson's LLC

to sell two supermarkets in Texas in order to remedy concerns arising from its proposed acquisition of United Supermarkets. Both actions preserve competition in local markets that otherwise would have been lost if the transactions had proceeded as proposed.

- **Funeral Services:** The Commission challenged Service Corporation International's proposed \$1.4 billion acquisition of Stewart Enterprises. The Commission issued a consent order requiring the two firms to divest 53 funeral homes and 38 cemeteries to preserve competition in 59 local communities.
- **School Memorabilia:** The Commission also authorized federal court litigation challenging Jostens, Inc.'s proposed acquisition of competitor American Achievement Corp. The parties abandoned the transaction in response to the FTC's challenge alleging that the acquisition would result in unduly high concentration in the markets for high school and college class rings and likely higher prices for these products.
- **Propane Exchange Tanks:** In March 2014, the FTC issued an administrative complaint challenging alleged illegal coordination between AmeriGas and Blue Rhino, which together control approximately 80 percent of the U.S. market for wholesale propane exchange tanks. The Commission charged that, after each company decided to implement a price increase by the amount of propane in their exchange tanks from 17 to 15 pounds, they agreed that neither would deviate from their plan to push a key retail customer to accept the fill reduction. Left unchallenged, the alleged conduct would likely lead to higher prices for these consumer goods. In October 2014, the Commission accepted a consent agreement for public comment that barred both companies from agreeing with competitors to modify fill levels or otherwise fix the prices of exchange tanks, and from coordinating communications to customers.
- **Ski Equipment Manufacturers:** Ski equipment manufacturers Marker Völkl (International) GmbH and Tecnica Group S.p.A. settled FTC charges that they had illegally agreed not to compete for one another's ski endorsers or employees. Such business practices harm the competitive process by restricting competition for inputs.
- **Professional Services:** The Commission settled charges that certain provisions in four separate trade associations' codes of ethics had interfered with fundamental aspects of competition among each association's members. Specifically, the trade associations restricted members from soliciting clients from rival members and restrained members from competing against each other on price, disparaging each other through advertising, and soliciting rival professionals for employment.

Energy

The FTC devotes significant resources to energy markets as well. The FTC continues to review proposed acquisitions involving energy products under the HSR Act and to monitor the industry for transactions that were not subject to filings under HSR. In FY 2014, the agency continued its investigation to determine whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others have engaged in practices, including manipulation, that have lessened or may lessen competition in the production, refining, transportation, distribution, or wholesale supply of crude oil or petroleum products; or have provided false or misleading information related to the wholesale price of crude oil or petroleum products to a federal department or agency. Such actions could violate Section 5 of the FTC Act, the Commission's Petroleum Market Manipulation Rule, or Section 811 or Section 812 of the Energy Independence and Security Act of 2007. The Commission also issued its ninth annual "Federal Trade Commission Report on Ethanol Market Concentration" addressing the state of ethanol production in the United States, as well as semi-annual reports on oil and gas activities.

Competition Advocacy, Reports, Workshops, and Outreach

- **Advocacy:** Providing policymakers with a framework to analyze competition issues is an important component of the FTC's mission to promote competition for the benefit of consumers. Government-imposed impediments can be among the most durable restraints on competition. Therefore, in response to requests, the FTC advises local, state, and federal entities on the potential competitive implications of pending governmental actions that may have a major impact on consumers. For instance, staff issued advocacy comments to legislators in Massachusetts and Missouri, addressing the scope of practice of non-physician health care professionals. FTC staff also submitted an advocacy comment to the American Dental Association's Commission on Dental Accreditation regarding standards for dental therapy education programs as well as an advocacy comment to the Centers for Medicare and Medicaid Services concerning changes in contracting for Medicare Part D. FTC staff also submitted an advocacy comment encouraging the ERISA Advisory Council to consider the competitive effects of mandatory disclosure requirements on the cost of providing pharmacy benefits.

During FY 2014, the Commission also provided advocacy comments to utility authorities in Delaware, Massachusetts, and the District of Columbia on the use of dynamic pricing models for residential energy services. The Commission also submitted comments to the New Jersey General Assembly and the Illinois State Senate on the competitive effects of proposed auto sales regulations.

- **Conferences:** In FY 2014, the FTC held two conferences addressing emerging antitrust issues in health care. In February 2014, the Commission held a workshop to explore competition issues involving biologic medicines and follow-on biologics. The workshop focused on the potential impact of state regulations, how to structure regulations to facilitate competition while protecting patient health

and safety, and how follow-on biologic naming may affect competition. The Commission also held a public workshop in March 2014 examining competition in the evolving health care industry. This workshop explored recent developments related to professional regulation of health care providers, innovations in health care delivery, advancements in health care technology, measuring and assessing health care quality, and price transparency of health care services. In June 2014, the Commission hosted a joint FTC/Department of Justice workshop on conditional pricing arrangements, such as loyalty and bundled pricing, in which prices are explicitly or effectively contingent on commitments to purchase or sell a given volume of a single product or mix of products. The workshop served to advance economic understanding of the implications of conditional pricing practices and their treatment under the antitrust laws.

- **Outreach:** In an effort to provide practitioners, researchers, and other interested stakeholders with tools and guides that are easy to access and understand, the Commission continues to maintain and develop its online resources. In FY 2014, the Commission launched a new website platform with advanced search capability allowing users to search a catalog of the FTC's competition enforcement actions and view short descriptions of each action. The site also provides access to related case documents such as press releases, analyses to aid public comment, and legal filings. Also new in FY 2014 was "Competition Matters," the FTC's blog on competition topics providing additional tips and guidance to practitioners and businesses.

International Antitrust

In FY 2014, the FTC further developed cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies.

The agency cooperated with international counterpart agencies on numerous cases of mutual concern, including mergers such as Thermo Fisher/Life Technologies, in which the FTC cooperated with multiple competition agencies around the world to ensure a globally consistent analysis and remedy.

The FTC has further strengthened the roles that it plays in the International Competition Network (ICN) and the competition groups of the OECD, the United Nations Conference on Trade and Development (UNCTAD), and APEC, providing opportunities to promote convergence toward best practices on substantive analysis and on principles of due process, and for competition officials to share insights on law enforcement and policy initiatives. In the ICN, the FTC serves on the steering group and in numerous other leadership capacities, including as a co-chair of the Agency Effectiveness Working Group. In this working group, the FTC is leading a multi-year

project on investigative process, and also originated and leads the ICN Training on Demand project, which is creating a comprehensive curriculum of training materials on competition law and practice. The FTC was an active member of the drafting teams for two of the ICN's most high-profile convergence efforts, resulting in ICN Recommended Practices for Predatory Pricing Analysis Pursuant to Unilateral Conduct Laws and on Competition Assessment. The FTC also continues to play a key role in promoting implementation of the ICN's work on merger notification and review procedures. In addition, the FTC also played a key role in developing the OECD Competition Committee's long-term project on international cooperation and was one of the lead drafters of the recently adopted OECD Recommendation on international cooperation in competition cases.

With the rapid growth in the number of jurisdictions with competition laws, the FTC has expanded its program of technical assistance to help agencies apply their laws in ways that support competitive markets. Following our MOUs with the Chinese and Indian competition agencies, the FTC worked closely with these agencies during FY 2014 on implementation of their competition laws. The FTC's engagement with China included cooperation and consultation on individual matters and participation in high-level meetings throughout the fiscal year. In particular, the FTC addressed challenges posed by enforcement of the Chinese Anti-Monopoly Law through dialogue with the Chinese government and consultation with U.S. stakeholders and other involved U.S. agencies. The FTC also conducted multiple programs to train the staff of the Competition Commission of India as it continues to develop its merger review and competition law regimes. The FTC's technical assistance program this year also conducted competition programs in Brazil, China, Colombia, Dominican Republic, Central America, India, Indonesia, Mexico, Philippines, Turkey, and Vietnam, along with regional programs for Africa, Latin America, and Southeast Europe, using a mix of funding from the FTC, the United States Agency for International Development, the State Department, the U.S. Trade and Development Agency, and the host agency.

The FTC also provides expertise to broader U.S. initiatives through the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership, both of which involve competition and consumer protection issues.

The FTC International Fellows and Interns program enables staff from counterpart agencies to work directly with FTC staff on antitrust investigations and cases, subject to appropriate confidentiality protections. During FY 2014, Fellows and Interns from Argentina, Chile, the European Commission, India, Japan, and Mexico worked with FTC staff on competition matters.

Planned Activities in FY 2015 and Beyond

PROTECTING CONSUMERS

To advance its consumer protection goal, the FTC focuses its efforts on identifying fraud, deception, and unfair practices that cause the greatest consumer injury and stopping these practices through law enforcement; preventing consumer injury through education; enhancing consumer protection through research, reports, rulemaking, and advocacy; and protecting American consumers in the global marketplace by providing policy and technical input to foreign governments and international organizations to promote sound consumer policy.

Protecting Consumers from Fraud

Fraud affects all consumers, and the FTC will continue its enforcement efforts to stop scams, focusing on those that cause serious consumer injury. The FTC also will focus on frauds that are targeted at specific populations, such as low-income consumers, seniors, service members, and non-English-speaking consumers. The agency also will continue to provide education materials to help consumers avoid scams. The agency will focus on tailoring its education methods for different groups, evaluating the optimal outreach methods for different populations, and building and strengthening strategic partnerships to enhance its outreach efforts.

The FTC also will continue to use the tools and authorities available to it to protect consumers in the financial marketplace from fraud. Con artists continue to target consumers in financial distress. Therefore, the FTC will continue to take enforcement actions to stop deceptive mortgage and other debt services, payday lending operations engaging in deceptive practices, and abusive debt collection practices. These practices can have severe consequences for consumers who can least afford it. The FTC also will take action against deceptive practices related to the buying or leasing of motor vehicles.

Stopping Harmful Uses of Technology

The FTC will continue its focus on the consumer protection issues associated with the use of new technology. The agency will take enforcement actions to stop deceptive practices in the mobile marketplace, such as the placement of unauthorized charges on mobile phone bills. The FTC also will take enforcement action against deceptive advertisements that appear in new formats and new media (e.g., apps, games, videos, and social networks). In addition, the agency will continue to evaluate consumer protection issues in the mobile marketplace through surveys and workshops. The FTC also will continue its efforts to root out entities responsible for illegal robocalls. The agency will enforce its Do Not Call rules and work with other stakeholders to help develop solutions to the problems.

Protecting Consumer Privacy and Data Security

The FTC will continue to take a leading role in efforts to protect consumers from unfair, deceptive, or other illegal practices related to the privacy of their personal information, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement. It will promote stronger privacy protections through policy initiatives on a range of topics. The FTC will also participate in interagency groups, promote self-regulatory efforts, provide technical assistance to the Congress on draft legislation, and participate in international privacy initiatives. In addition, the FTC will continue to be the repository for identity theft complaints and make them available to federal criminal law enforcement agencies. Our trained counselors will continue to advise identity theft victims about the rights and remedies available to them under federal law, and educate all consumers about how to avoid becoming a victim.

Stopping Deceptive Advertising

The FTC will continue to challenge false and unsubstantiated advertising claims. These actions will target various health-related claims, including disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats. The FTC also will challenge false and unsubstantiated environmental marketing claims, such as claims that a product or its packaging is biodegradable.

Ensuring Compliance with FTC Orders

Order enforcement is an integral part of the FTC's consumer protection goal. The agency will continue to place a high priority on enforcing orders against repeat offenders, as well as those who act with them. The FTC will continue to monitor and improve the agency's enforcement database and bring more enforcement actions.

Globalization and Cross-Border Enforcement

The FTC will continue both enforcement against cross-border fraud and its policy development efforts in the international arena. Using the tools provided by the U.S. SAFE WEB Act, the FTC will continue to create and sustain international partnerships and networks to pursue matters involving foreign defendants, evidence, and assets and develop new initiatives with foreign criminal enforcement counterparts on consumer fraud. The FTC also will explore new ways of using complaint data to target its international efforts and to promote reciprocal enforcement by its foreign partners.

The FTC continues to promote international development of market-oriented consumer protection policies that effectively address consumer harm, and highlights the importance of enforcement as a key component of privacy consumer protection, including privacy and data security, spam, and malware, within the OECD, APEC (including the

Electronic Commerce Steering Group), International Conference of Data Protection and Privacy Commissioners, and other multilateral organizations. In particular, the FTC will continue to participate in the ongoing revision of the OECD's 1999 Guidelines on Consumer Protection in the Context of Electronic Commerce. The FTC also will continue to take enforcement actions involving cross-border issues, including the U.S.-EU Safe Harbor Framework, and participate actively in enforcement networks such as the International Consumer Protection Enforcement Network, the International Mass Marketing Fraud Working Group, the Global Privacy Enforcement Network, and the London Action Plan.

PROMOTING COMPETITION

The FTC's competition work is critical to protect and strengthen the free and open markets that are the cornerstones of a vibrant economy. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers. A vigorous, open, and competitive marketplace provides the incentive and opportunity for new ideas and innovative product and service development. The FTC is dedicated to this ideal, and will continue to use a variety of tools to promote competition and protect consumers from anticompetitive mergers and business practices.

Challenging Anticompetitive Mergers

Identifying anticompetitive mergers remains one of the top priorities of the agency's competition mission. The premerger notification requirements of the HSR Act provide the FTC with an effective starting point for identifying anticompetitive mergers before they are consummated, preventing competitive harm. Additionally, since 2001, when amendments to the HSR Act increased the threshold for which mergers must be reported, the FTC has devoted attention to identifying unreported, usually consummated, mergers that could harm consumers. The number of HSR merger filings remains high, and reviewing and challenging anticompetitive mergers will continue to take substantial agency resources.

Promoting Competition in Health Care and Pharmaceuticals

The rapidly rising cost of health care is a matter of concern for consumers, employers, insurers, and the nation as a whole. Health-related products and services now account for a significant percentage of gross domestic product, and that share continues to grow each year as health care costs continue to rise. The FTC will continue to take action against anticompetitive agreements among health care providers and to challenge hospital, medical device manufacturer, pharmaceutical, and other mergers that are likely to raise the cost of health care. The FTC will also continue to advance its health care enforcement program by challenging anticompetitive "pay-for-delay" settlements in the pharmaceutical industry, which delay the introduction of generic drugs and are estimated to cost consumers and governments up to billions of dollars annually. The

agency also will continue its vigorous advocacy for healthcare competition by advising local, state, and federal entities, upon request, on the competitive implications of pending government actions.

Continuing Emphasis on Technology and Intellectual Property

The growing importance of technology is placing increasing demands on the FTC's antitrust enforcement mission in both the merger and nonmerger areas. FTC antitrust investigations often involve high-technology sectors of the economy, such as computer hardware and software. The FTC is vigilant where a firm may be illegally using a dominant market position to stifle competition in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation; or where groups of competitors take collective action that threatens to increase prices or stifle innovation. Antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how these two bodies of law can best work together to further their common goal of promoting innovation. For example, the FTC is studying patent assertion entities' activity and organization to develop a better understanding of their impact on competition and innovation.

Preventing Anticompetitive Activity in Energy Industries

Historically, the price of gasoline has been a concern for consumers, and is therefore a high priority for the FTC. The FTC continues to focus closely on gasoline markets, investigating industry practices and pricing, and will move quickly to address any anticompetitive mergers and other anticompetitive activities. Exercising the authority provided by Congress under the Energy Independence and Security Act of 2007, the FTC issued a Final Rule in August 2009, effective in November 2009, prohibiting market manipulation in the wholesale petroleum industry. The FTC will continue to enforce the Rule, which prohibits fraud or deceit in wholesale petroleum markets, and omissions of material information that are likely to distort petroleum markets.

Under its Gasoline and Diesel Price Monitoring Project, the FTC continues to track retail gasoline and diesel fuel prices in 360 cities nationwide and wholesale prices in 20 major urban centers to identify unusual changes in gasoline prices; if staff detect any such changes, they will promptly investigate the cause.

Increasing Consumer and Business Outreach

The FTC will continue its efforts to educate consumers and businesses on the important role of competition in ensuring the mix of price, choice, and innovation valued by consumers. In addition to having specialized webpages focused on areas of the economy most relevant to consumers, such as health care, oil and gas, and real estate, the FTC will look for opportunities to expand the reach of the "Competition Matters" blog by addressing frequently asked questions and issues of importance to consumers and busi-

ness. Moreover, the FTC's Premerger Notification Office responds to thousands of calls seeking guidance about premerger filing requirements. FTC staff also provide advisory opinions to businesses that request review of proposed conduct. Our responses provide a detailed antitrust analysis of the particular conduct, and may facilitate the requesters' engaging in competitive activities from which they might otherwise refrain.

Promoting Global Competition

The FTC will continue to develop its cooperative relations with key international counterpart agencies, and will update and develop additional cooperation tools, as needed. Additionally, the FTC will continue to work with competition agencies worldwide to promote best practices and to minimize procedural and policy differences. The FTC plays a lead role in pursuing convergence toward best practices through its active participation in international bodies, such as the ICN and OECD, and continues to promote, advocate for, and develop international best practices in core substantive and procedural areas, including procedural fairness. The FTC will continue its international competition outreach efforts in order to build cooperative relationships with our counterpart agencies through the International Fellows and Interns program, and the technical assistance program.

Advocating for Competition before the Courts and Other Government Agencies

The FTC also works to minimize government-imposed impediments to a competitive marketplace by, upon request, advising government policy-makers about how to apply sound competition principles as they make decisions affecting consumer welfare. Among its activities, the FTC will continue to file comments on proposed government action (legislation, regulation, and other rules) affecting competition in a broad range of industries. FTC staff will also continue to provide guidance on important competition policy issues, by issuing reports and filing amicus briefs to help courts resolve important competition issues.

Enforcing FTC Orders and HSR Compliance

The FTC will continue its compliance program to ensure that consumers receive the benefits of FTC orders entered to restore or promote competition. The FTC also will continue to enforce compliance with the HSR premerger notification rules, and seek appropriate remedies when firms fail to meet the filing requirements.

Needed Resources for FY 2016

The FTC is a highly productive and efficient independent agency tasked with protecting American consumers and promoting competition. In recent years, the agency has faced growing challenges and responsibilities. The FTC's mission to promote competition and protect consumers is critical to the short and long-term health and vibrancy of the marketplace and the national economy. To maintain its high level of performance in FY 2016, the FTC is requesting \$309,206,000 and 1,191 FTEs. This is an overall increase of \$16,206,000 above the FTC's FY 2015 enacted appropriation level. Specifically, the FTC's FY 2016 budget request consists of:

Increases of \$5,891,000 for mandatory expenses:

- \$2,940,000 for pay adjustments related to a 2016 pay raise, upward grade classifications pursuant to 5 C.F.R. 531.401 et seq. and Federal Employees' Compensation Act administrative surcharge.
- \$773,000 for program operational costs to include:
 - FTC's contribution to the Federal Employee Retirement System (FERS) plans for providing benefits as determined by the Board of Actuaries of the Civil Service Retirement and Disability System;
 - Federal employees health benefits program expansion and reporting; and
 - Council of Inspectors General on Integrity and Efficiency (CIGIE) required funding contribution.
- \$2,178,000 for contracts and other non-pay inflation.

Increases of \$2,301,000 for 15 needed FTEs:

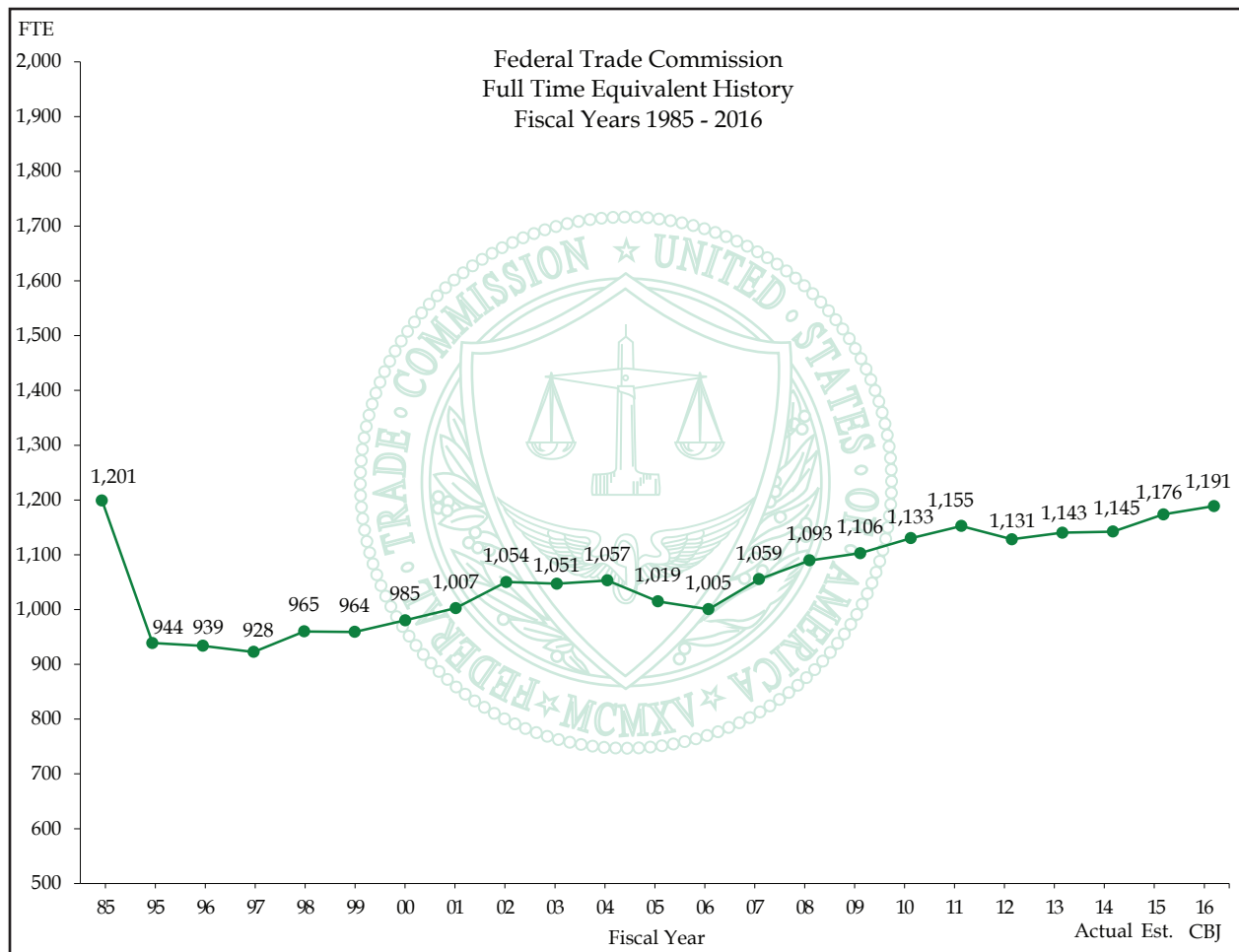
- 9 FTEs for our Protecting Consumers goal.
 - 5 FTEs to adequately protect consumers in connection with emerging technology and privacy issues, and protecting diverse populations in the marketplace. As consumers adopt new technology such as mobile marketing, new electronic payment systems, and social media, fraud migrates to new platforms. New technology provides enormous benefits to consumers, but poses new threats to sensitive consumer data and security of personal computers and email. Moreover, with an aging population, the economic downturn, and related unemployment, traditional and novel frauds targeting people in need are expected to increase.

- 1 FTE in the Bureau of Economics to effectively support litigation efforts and reduce the reliance on external expert support. The scope and quantity of data obtained in investigations and used in litigation continues to grow and judges increasingly expect analysis of the data in legal proceedings.
- 2 FTEs in the Office of the Executive Director to support the agency's travel management office and provide full-day customer service support to travelers, and to support the budget office in meeting its internal and external stakeholder requirements.
- 1 FTE in the Office of Inspector General to provide an additional resource to review critical programs and activities, conduct additional analyses of the efficiency and performance of management and programs and identify areas for improvement.
- 6 FTEs for our Promoting Competition goal.
 - 2 FTEs to expand litigation support operations including the processing and management of voluminous document productions to increase the efficiency of investigations and litigations of anticompetitive mergers and business conduct.
 - 2 FTEs in the Bureau of Economics to address increased workload due to the consolidation of hospitals and other providers in health care markets. Increased data submissions in investigations that produce the analysis judges now expect in data intensive cases is a growing requirement.
 - 1 FTE in the Office of the Executive Director to support the agency's financial operations and address internal controls and segregation of duties requirements.
 - 1 FTE in the Office of Inspector General to provide an additional resource to review critical programs and activities, conduct additional analyses of the efficiency and performance of management and programs and identify areas for improvement.

Increases of \$8,014,000 to information technology operations and investments to protect consumers and promote competition. This funding will be used to fund both increased operating costs and initiatives to modernize and optimize the agency's information technology infrastructure, including:

- Improving network stability, availability and service by replacing legacy network hardware and strengthening service level agreements and security requirements for infrastructure operations;

- Implementing life cycle replacement and upgrades of client desktop hardware, applications and operating systems;
- Providing increased support and functionality for the agency’s remote access solution and mobile device platform to increase opportunities for teleworking;
- Strengthening information technology governance, risk management and program management;
- Maintaining and optimizing the agency’s eDiscovery and litigation support systems, including enhancing functionality and data security; and
- Continuing investments in cloud computing and data center/infrastructure projects, including evaluating and implementing strategies to transition custom applications and core services to cloud and shared service providers.



Appropriations Language Provisions

Federal Deposit Insurance Corporation Improvement Act: The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended the Federal Deposit Insurance Act. As originally enacted, the FDICIA imposed various statutory responsibilities on the FTC that the agency did not have the resources or expertise to perform effectively. Accordingly, since 1992, Congress, with Administration support, has prohibited the FTC from spending funds on some or all of the responsibilities assigned to it under section 151 of the Act.

The requested appropriations language for FY 2016 continues the revised spending restriction, reflecting legislation enacted in October 2006, which maintains an appropriately narrow role for the FTC under section 151. This role enables the FTC to continue to enforce the provisions requiring non-federally-insured depository institutions to disclose that they do not have federal insurance and that the federal government does not guarantee the depositor will get back his or her money, and retains the implementation ban with respect to “look-alike” provisions.

Other Provisions: The requested appropriations language continues in effect provisions in prior-year appropriation acts that (1) allow for the purchase of uniforms and hire of motor vehicles; (2) allow for services as authorized by 5 U.S.C. 3109; (3) limit to \$300,000 the amount available for contracts for collection services in accordance with 31 U.S.C. 3718; (4) allow up to \$2,000 for official reception and representation expenses; (5) allow for the collection of offsetting fees; (6) allow for the gross sum appropriated to be reduced as offsetting fees are collected; and (7) allow all funding to be available until expended.

Offsetting Fee Collections

This submission assumes that total offsetting collections from Hart Scott Rodino (HSR) filing fees and Do Not Call fees will provide the FTC with \$117,500,000 in FY 2016. The FTC assumes the \$191,706,000 difference between offsetting collections and the \$309,206,000 request will be funded through a direct appropriation.

HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC with \$103,500,000 in FY 2016 under the current fee structure. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public Law 106-553). The HSR Act requires that fees be split 50-50 between the FTC and DOJ's Antitrust Division.

In FY 2016, the President's Budget re-proposes to increase the HSR fees and index them for the percentage annual change in the gross national product. The fee proposal would also create a new merger fee category for mergers valued over \$1 billion. Under the proposal, the fee increase would take effect in FY 2017.

Do Not Call Fees. This submission assumes offsetting collections of \$14,000,000 from Do Not Call fees. These fees, first collected in FY 2003, will be used to maintain and enforce a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers and to carry out other Telemarketing Sales Rule activities.

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Fiscal Year 2014 Performance Report
and Annual Performance Plan
for Fiscal Years 2015 and 2016



Budgeted Resources by Objective
(\$ in thousands)

Strategic Goal 1: Protect Consumers	FY 2015 FTE	FY 2015 Amount	FY 2016 FTE	FY 2016 Amount
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.	508	\$131,275	514	\$138,114
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.	97	25,101	100	26,893
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.	33	9,503	33	10,036
Total	638	\$165,879	647	\$175,043

Strategic Goal 2: Maintain Competition	FY 2015 FTE	FY 2015 Amount	FY 2016 FTE	FY 2016 Amount
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.	480	\$111,983	484	\$117,399
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	45	10,534	47	11,861
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.	13	4,604	13	4,903
Total	538	\$127,121	544	\$134,163

Objectives by FTE
(\$ in thousands)

Protecting Consumers	Fiscal Year 2015				Fiscal Year 2016			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Privacy and Identity Protection	45	11	1	57	46	11	1	58
Financial Practices	75	9	8	92	75	9	8	92
Marketing Practices	85	5	6	96	86	5	6	97
Advertising Practices	50	7	1	58	50	7	1	58
Enforcement	50	3	1	54	50	3	1	54
Planning and Information	48	3	0	51	49	3	0	52
Consumer and Business Education	0	23	0	23	0	24	0	24
Economic and Consumer Policy Analysis	2	4	0	6	2	5	0	7
Management	22	7	0	29	23	7	0	30
Support	131	25	16	172	133	26	16	175
Total	508	97	33	638	514	100	33	647

Promoting Competition	Fiscal Year 2015				Fiscal Year 2016			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Premerger Notification	16	3	0	19	16	3	0	19
Merger and Joint Venture Enforcement	184	12	1	197	187	12	1	200
Merger and Joint Venture Compliance	9	2	0	11	9	2	0	11
Nonmerger Enforcement	126	8	2	136	127	8	2	137
Nonmerger Compliance	2	0	0	2	2	0	0	2
Antitrust Policy Analysis	3	4	0	7	3	4	0	7
Other Direct	16	4	0	20	16	4	0	20
Support	124	12	10	146	124	14	10	148
Total	480	45	13	538	484	47	13	544

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About This Report and Plan

Beginning in FY 2014, the Federal Trade Commission (FTC) has combined the FY 2014 Annual Performance Report and the FY 2015-2016 Performance Plan into a single document, published as part of the agency's budget submission. The performance plan and report is organized by strategic goals, objectives, and strategies defined in the [Agency Strategic Plan for Fiscal Years 2014 to 2018](#). The FY 2016 budget request is based on the FTC's Strategic Plan for FYs 2014 to 2018 and is supported by the FY 2015-2016 Performance Plan included in this submission. In FY 2013, the FTC updated and revised its Strategic Plan and sought input from Congress, the Office of Management and Budget, and its stakeholders to ensure that its strategic goals, objectives, and performance goals continue to provide relevant information that reflects the FTC's performance.

To see the FTC's performance and budget documents, please view <http://www.ftc.gov/about-ftc/performance> and <http://www.ftc.gov/about-ftc/budgets>.

The President's Budget identifies the lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access this information at <http://www.whitehouse.gov/omb/budget>. The FTC does not have any lower-priority program activities.

The FTC At-a-Glance

Laws Enforced

In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, and the Federal Trade Commission commenced its work on behalf of American consumers in March 1915. The FTC is a law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations. Examples include the Federal Trade Commission Act, Telemarketing Sales Rule, Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws (see <http://www.ftc.gov/enforcement/statutes> for a listing).

Profile

- The agency is headquartered in Washington, D.C. and operates with seven regions across the United States.
- The agency had 1,164 full-time equivalent employees at the end of FY 2014.
- Total new budget authority for FY 2014 was \$298 million.

Agency and Mission Information

The work of the FTC is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States and around the world. The FTC performs its mission through the use of a variety of tools, including law enforcement, rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

Mission

Working to protect consumers by preventing anticompetitive, deceptive, and unfair business practices, enhancing informed consumer choice and public understanding of the competitive process, and accomplishing this without unduly burdening legitimate business activity.

Vision

A vibrant economy characterized by vigorous competition and consumer access to accurate information.

Our Purpose and History

Consumers and businesses are likely to be more familiar with the work of the FTC than they think. In the consumer protection area, the product warranties, care labels in clothes, and labels showing the energy costs of home appliances provide information that is set forth in FTC rules. Likewise, businesses must be familiar with the laws requiring truthful advertising and protecting consumers' personally identifiable information. These laws are enforced by the FTC.

Competition among independent businesses is good for consumers, the businesses themselves, and the economy. Competitive markets yield lower prices and better quality goods and services, and a vigorous marketplace provides the incentive and opportunity for the development of new ideas and innovative products and services. Many of the laws governing competition also are enforced by the FTC.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. In 1903, Congress created the predecessor to the FTC, the Bureau of Corporations, as an investigatory agency within the Department of Commerce and Labor. The Bureau investigated and published reports on the operation of interstate corporations, looking for monopolistic practices. In one case of note, the Justice Department used the [Bureau's 1906 report on petroleum transportation](#) when it successfully prosecuted and broke up Standard Oil in 1911. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, creating the FTC, which then absorbed the Bureau of Corporations in 1915.

When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to “bust the trusts.” Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices. Recognizing that unfair and deceptive practices can distort a competitive marketplace as much as unfair methods of competition, in 1938 Congress passed a broad prohibition against “unfair or deceptive acts or practices in or affecting commerce.” Since then, the FTC also has been directed to enforce a wide variety of other consumer protection laws and regulations. The agency maintains a website at www.ftc.gov that provides information for consumers and businesses, as well as online forms to file complaints.

Our Organization

The FTC is an independent agency that reports to the President and to Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers’ interests by sharing its expertise with Congress and state legislatures and U.S. and international government agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs and materials for consumers and businesses in a global marketplace with constantly changing technologies. The FTC is headed by a Commission composed of five commissioners, nominated by the President and confirmed by the Senate, each serving a staggered seven-year term. No more than three commissioners may be from the same political party. The President chooses one commissioner to act as Chair. The post is currently held by Edith Ramirez, a commissioner since 2010, who was confirmed as Chairwoman on March 4, 2013. Commissioners include Julie Brill, Maureen K. Ohlhausen, Joshua D. Wright, and Terrell McSweeney.

The FTC’s mission is carried out by three bureaus: the Bureau of Consumer Protection, the Bureau of Competition, and the Bureau of Economics. Their work is aided by the Offices of the General Counsel, International Affairs, Policy Planning, the Secretary, the Executive Director, Congressional Relations, Public Affairs, Administrative Law Judges, Equal Employment Opportunity, and Inspector General, and seven regional offices. For more information about the agency’s components, visit its [organizational structure webpage](#).

Our People

The FTC's workforce is its greatest asset. The agency's workforce consists of 1,164 civil service employees dedicated to addressing the major concerns of American consumers. The chart below shows the workforce composition by category.

FTC's Workforce Composition	
Category	Number of Employees
Attorneys	654
Economists	82
Paralegals	64
Program/Management Analysis	142
Investigative/Enforcement	49
Legal/Administrative Support	47
Information Technology	41
Other	85
Total	1,164

Performance Overview

The section contains details of program performance results, trend data by fiscal year, resources, strategies, factors affecting performance, and the procedures used to verify and validate the performance data. The performance results described in this report enable the FTC to administer and gauge the success of its programs, and make adjustments necessary to improve program quality for the public. The steps the FTC has taken to ensure the performance information it reports is complete, accurate, and consistent are described under Verification and Validation of Performance Data, and in the [Data Quality Appendix](#). Performance targets for fiscal years 2015-2016 for the agency's performance goals and historical results for FYs 2010 to 2014 are presented in the tables following this section. Generally, this section would also contain the results of program evaluations; however, the agency did not undergo any significant program evaluations in FY 2014.

Strategic and Performance Planning Framework

The FY 2014 performance planning framework originates from the [FTC's Strategic Plan for Fiscal Years 2014 to 2018](#) and is supported by the FTC's Performance Plan. The FTC's work is structured around three strategic goals and eight objectives. Performance

goals are used to gauge the FTC’s success for each objective. No performance goals have been added or dropped since the publication of the Strategic Plan. The table below describes each element of the FTC’s performance framework.

Element	Description
Strategic Goals	Statements of long-term aims outlined in the Strategic Plan, which define how the agency carries out its mission.
Objectives	Statements of how the agency plans to achieve the strategic goals.
Performance Goals	Indicators used to gauge success in reaching strategic objectives.
Key Performance Goals	Measures that best indicate whether agency activities are achieving the desired outcome associated with the related strategic objective.
Targets	Expressions of desired performance levels or specific desired results targeted for a given fiscal year. Targets are expressed in quantifiable terms.

Performance Measurement Reporting Process

Bureau and Office representatives serve as the Performance Measure Reporting Officials (PMROs), who act as data stewards for each of the agency’s publicly-reported performance goals. The PMROs report to the Deputy Performance Improvement Officer (PIO) on a monthly, quarterly, or annual basis via an internal data reporting tool. The Financial Management Office (FMO) also leads periodic performance goal reviews in coordination with budget execution reviews. The CFO / PIO, the Executive Director, the Chief of Staff, and the Chairwoman are briefed on the results and any significant variances in planned versus actual results. The PIO and Deputy PIO then coordinate with the PMROs on any adjustments to strategies and tactics based on the performance results.

Performance Goals and Efficiency Measures Overview

The FTC has established performance goals for assessing program performance against strategic goals and objectives. Of the 29 performance goals, nine are considered “key” performance goals because they best indicate whether agency activities are achieving the desired outcome associated with the related objective. Additionally, four performance goals are considered efficiency performance goals because either they are ratios of outcomes to inputs or they capture administrative timeliness. For each performance goal, the FTC has established a performance target.

Relationship of Outputs to Outcomes

The FTC continuously reviews its performance framework and focuses on tracking and reporting the most appropriate and meaningful outcome performance goals to show effectiveness, efficiency, and results. For example, outcome-based Performance Goal 1.1.3 estimates the millions of dollars in consumer savings that result from law enforcement. Outcome-based Performance Goals 2.1.2 and 2.1.4 estimate the millions of dollars in consumer savings that result from merger and nonmerger actions taken to maintain

competition. The FTC, however, has not developed outcome performance goals in all cases, and uses input and output measures that either support outcomes, lead to outcomes, or otherwise provide valuable indicators of how the FTC is progressing toward achieving its strategic goals and objectives. Under the consumer protection strategic goal, for example, Performance Goal 1.1.1 indicates the percentage of the agency's consumer protection law enforcement actions that targeted the subject of consumer complaints, and Performance Goal 1.1.4 provides the amount of money the FTC returned to consumers and forwarded to the U.S. Treasury. While these performance goals are not outcome-oriented, they bring the FTC closer to determining its impact on the ultimate desired outcome of a marketplace free of unfair practices, fraud, and deception that injure consumers.

Verification and Validation of Performance Data

The performance results described in this report enable the FTC to administer its programs, gauge programmatic success, and make adjustments necessary to improve program quality. The [Data Quality Appendix](#) provides details on the data quality of each performance goal. Additionally, the following steps outline how the agency ensures the performance information it reports is complete, reliable and accurate:

- The FTC has adopted a central internal repository for performance data entry, reporting and review. The electronic data tool reduces human error, increases transparency, and facilitates senior management review of the agency's performance information.
- The agency maintains written procedures used to ensure timely reporting of complete, accurate, and reliable results relative to the key performance goals.
- The agency holds program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring and updating of performance targets. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- The agency conducts quarterly performance measurement reviews with management as well as periodic senior management review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer. In addition to the general controls the FTC has in place, which ensure only authorized staff can access key systems, each application (system) incorporates internal validation edits to ensure the accuracy of

data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data accuracy and consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results.

The FMO is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance data.

Strategic Human Capital Management

The FTC's strategic human capital management ensures that the agency has the diverse, skilled workforce needed to advance its mission, achieve its strategic goals and objectives, and meet performance measure targets. The agency conducts human capital planning in concert with long-term strategic planning and annual performance planning to keep human capital goals, policies, programs, and initiatives aligned with the strategic and performance plans.

Human capital planning encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction, which are evaluated annually by the [U.S. Office of Personnel Management's Employee Viewpoint Survey](#). More detailed information on human capital performance goals and results are provided in Strategic Objective 3.2.

Annual Performance Goals: Fiscal Years 2014 to 2016

	FY 2014 Actual	FY 2014 Target	FY 2015 Target	FY 2016 Target
Strategic Goal 1: Protect Consumers				
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.				
Performance Goal 1.1.1: Percentage of the FTC's consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC.	89.9%	80.0%		
Performance Goal 1.1.2: Rate of customer satisfaction with the FTC's Consumer Response Center.	(A) 71.0% (B) 81.0%	(A) 74.0% (B) 74.0%	(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. (B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.	
Key/Efficiency Performance Goal 1.1.3: Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.	769.0%	Baseline Year	650.0%	
Key Performance Goal 1.1.4: Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.	\$66.9 million	Baseline Year	\$60.0 million	
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.				
Performance Goal 1.2.1: Rate of consumer satisfaction with FTC consumer education websites.	79.0%	73.0%	Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.	
Key Performance Goal 1.2.2: Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.	12,205	11,250	11,500	11,500
Performance Goal 1.2.3: Number of workshops and conferences the FTC convened that address consumer protection problems.	10	12	12	10
Performance Goal 1.2.4: Number of consumer protection reports the FTC released.	6	10	10	8

Annual Performance Goals: Fiscal Years 2014 to 2016

	FY 2014 Actual	FY 2014 Target	FY 2015 Target	FY 2016 Target
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.				
Performance Goal 1.3.1: Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhanced consumer protection.	424	Baseline Year	375	
Key Performance Goal 1.3.2: Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions, or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.	45	40		
Performance Goal 1.3.3: Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC.	60	60		
Performance Goal 1.3.4: Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	TBD	55.0%		
	FY 2014 Actual	FY 2014 Target	FY 2015 Target	FY 2016 Target
Strategic Goal 2: Maintain Competition				
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that cause harm to consumers.				
Key Performance Goal 2.1.1: Percentage of actions to maintain competition in substantial merger and nonmerger investigations.	57.1%	40.0% to 60.0%		
Performance Goal 2.1.2: Consumer savings through merger actions taken to maintain competition.	\$1.0 billion	\$900.0 million		
Key / Efficiency Performance Goal 2.1.3: Total consumer savings compared to the amount of FTC resources allocated to the merger program.	2,505.2%	2,600.0%		
Performance Goal 2.1.4: Consumer savings through nonmerger actions taken to maintain competition.	\$419.0 million	\$440.0 million	\$80.0 million	
Key / Efficiency Performance Goal 2.1.5: Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.	2,028.3%	1,850.0%	400.0%	
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.				
Performance Goal 2.2.1: Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.	4	4		
Performance Goal 2.2.2: Number of reports and studies the FTC issued on key competition-related topics.	11	8		
Performance Goal 2.2.3: Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	TBD	55.0%		

Annual Performance Goals: Fiscal Years 2014 to 2016

	FY 2014 Actual	FY 2014 Target	FY 2015 Target	FY 2016 Target
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.				
Key Performance Goal 2.3.1: Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	100.0%		95.0%	
Performance Goal 2.3.2: Number of instances in which the FTC provides policy advice or technical assistance to foreign competition agencies or government, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visit the FTC.	161		120	
	FY 2014 Actual	FY 2014 Target	FY 2015 Target	FY 2016 Target
Strategic Goal 3: Advance Organizational Performance				
Objective 3.1: Optimize resource management and infrastructure.				
Performance Goal 3.1.1: A favorable Continuity of Operations (COOP) rating.	85.0%		75.0%	
Performance Goal 3.1.2: Availability of information technology systems.	99.98%		99.5%	
Performance Goal 3.1.3: Achieving a favorable (unmodified) audit opinion from the agency's independent financial statement auditors.	Unmodified opinion		Unmodified opinion on the financial statements.	
Efficiency Performance Goal 3.1.4: Average number of days for the FTC to release information in response to a simple FOIA request.	5.4 days		6 days	
Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.				
Performance Goal 3.2.1: FTC achieves a high ranking in the "Best Places to Work in the Federal Government."	Ranked 4th		Within the top 10 of mid-size agencies	
Key Performance Goal 3.2.2: The extent employees believe the FTC has the talent necessary to achieve organizational goals.	70.0%	55.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.	
Performance Goal 3.2.3: The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.	68.0%	56.0%	Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index.	

Annual Performance Measures: Historical Results
 For additional performance information, please see the reports available
 at <http://www.ftc.gov/about-ftc/performance>.

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Strategic Goal 1: Protect Consumers: Prevent fraud, deception, and unfair business practices in the marketplace.				
Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury.				
Measure 1.1.1: Complaints collected and entered into the Consumer Sentinel Network database. [†]	3.1 million	4.0 million	5.8 million	5.7 million
Key Measure 1.1.2: The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC. [†]	95.9%	80.4%	90.6%	90.9%
Measure 1.1.3: The rate of customer satisfaction with the FTC's Consumer Response Center.*	(A) 75.0%	(A) 75.0%	(A) 75.0%	(A) 76.0%
	(B) 76.0%	(B) 77.0%	(B) 79.0%	(B) 80.0%
Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement.				
Key Measure 1.2.1: The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment. [†]	99.2%	100.0%	100.0%	98.6%
Measure 1.2.2: The FTC's effectiveness in stopping prohibited business practices in three high priority areas over fiscal years 2009 - 2013.	Not applicable		On track	Statistically significant decrease in one of the three high-priority areas
Measure 1.2.3: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months.	96.0% of cases	100.0% of cases	95.0% of cases	94.7% of cases
Measure 1.2.4: Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.	39	53	56	61

*Target (A): For the website, exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. For Target (B): For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical Results

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Objective 1.3: Prevent consumer injury through education.				
Measure 1.3.1: Consumer protection messages accessed online or in print.	43.9 million	41.4 million	39.4 million	43.6 million
Key Measure 1.3.2: Customer satisfaction rate with an FTC consumer education website or microsite.	77.0%	81.0%	81.0%	80.0%
Measure 1.3.3: Organizations requesting consumer education publications. [†]	15,372	14,818	11,298	11,236
Objective 1.4: Enhance consumer welfare through research, reports, rulemaking, and advocacy.				
Measure 1.4.1: Workshops and conferences convened or cosponsored that address consumer protection problems. [†]	11	14	14	12
Measure 1.4.2: Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.	6	3	8	12
Measure 1.4.3: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful." [†]	100.0%	100.0%	N/A (no responses received)	100.0%
Key Measure 1.4.4: The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within 9 months of receipt of final comments in the Final Notice of Proposed Rulemaking.	100.0%	83.3%	N/A (no APA rulemakings conducted)	N/A (no APA rulemakings conducted)
Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy.				
Key Measure 1.5.1: Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. [†]	64	52	65	61
Measure 1.5.2: Technical assistance to foreign consumer protection and privacy authorities.	23	15	18	13

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical Results

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Strategic Goal 2: Maintain Competition: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.				
Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury.				
Key Measure 2.1.1: Actions to maintain competition including litigated victories, consent orders, abandoned transaction remedies, restructured transactions remedies, or fix-it-first transactions remedies in a significant percentage of substantial merger and nonmerger investigations.	40.0%	34.1%	43.1%	42.2%
Measure 2.1.2: Consumer savings of at least \$500 million through merger actions to maintain competition.	\$586.0 million	\$532.2 million	\$504.9 million	\$564.2 million
Measure 2.1.3: Actions against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.	\$22.5 billion	\$22.7 billion	\$20.2 billion	\$21.0 billion
Measure 2.1.4: Consumer savings of at least six times the amount of FTC resources allocated to merger program. [†]	1,670.0%	1,419.0%	1,492.4%	1,382.2%
Measure 2.1.5: Consumer savings of at least \$80 million through nonmerger actions taken to maintain competition. [†]	\$508.0 million	\$444.9 million	\$439.8 million	\$449.8 million
Measure 2.1.6: Actions against anticompetitive conduct in markets with a total of at least \$8 billion in annual sales. [†]	\$11.7 billion	\$11.6 billion	\$11.7 billion	\$13.1 billion
Measure 2.1.7: Consumer savings of at least four times the amount of FTC resources allocated to nonmerger program over a five-year period. [†]	2,418.0%	1,917.7%	1,831.7%	2,296.0%
Measure 2.1.8: The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	100.0%	100.0%	100.0%	100.0%

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical Results

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Objective 2.2: Prevent consumer injury through education.				
Key Measure 2.2.1: Competition resources accessed via the FTC's website. [†]	21.5 million	22.6 million	23.2 million	44.1 million
Objective 2.3: Enhance consumer benefit through research, reports, and advocacy.				
Key Measure 2.3.1: Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.	6	4	3	4
Key Measure 2.3.2: Reports and studies issues on key competition-related topics.	9	11	9	14
Key Measure 2.3.3: Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts. [†]	17	16	18	19
Measure 2.3.4: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful." [†]	100.0%	100.0%	83.3%	100.0%
Measure 2.3.5: The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.	2.2 million	1.8 million	3.4 million	3.9 million
Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy.				
Key Measure 2.4.1: Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. [†]	76	112	146	100
Measure 2.4.2: Technical assistance provided to foreign competition authorities.	60	27	27	34

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical Results

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Strategic Goal 3: Advance Performance: Advance the FTC's performance through organizational, individual, and management excellence.				
Objective 3.1: Provide effective human resources management.				
Measure 3.1.1: The extent employees believe their organizational culture promotes improvements in processes, products and services, and organizational outcomes.	68.0%	66.0%	66.0%	64.0%
Key Measure 3.1.2: The extent employees think the organization has the talent necessary to achieve organizational goals.	72.0%	70.0%	70.0%	69.0%
Objective 3.2: Provide effective infrastructure and security management.				
Key Measure 3.2.1: A favorable Continuity of Operations (COOP) rating.	85.0%	75.0%	90.0%	85.0%
Key Measure 3.2.2: Availability of information technology systems.	99.77%	99.82%	99.86%	100.00%
Objective 3.3: Provide effective information resources management.				
Key Measure 3.3.1: The percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record.	93.8%	82.0%	80.2%	80.6%
Objective 3.4: Provide effective financial and acquisition management.				
Measure 3.4.1: Independent auditor's financial statement audit results.	Unqualified	Unqualified	Unqualified	Unqualified
Key Measure 3.4.2: The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.	100.0%	100.0%	100.0%	100.0%
Measure 3.4.3: Performance against the Small Business Administration's government-wide small business procurement goals.	58.9%	46.3%	57.7%	49.5%

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Strategic Goal 1: Protect Consumers

The FTC has jurisdiction over a wide range of consumer protection issues. To carry out its broad mission, it must effectively use limited resources by targeting its law enforcement and education efforts to achieve maximum impact and by working closely with federal, state, international, and private sector partners in joint initiatives. In addition, the agency engages in dialogue with a variety of stakeholders to understand emerging issues. The FTC also conducts research on a variety of consumer protection topics.

Evaluation and Research

The FTC regularly evaluates the effectiveness of its efforts to protect consumers. The agency's research and analysis of important and emerging consumer protection issues enhances agency decision making and enables the agency to better protect consumers. This work is done through the Bureau of Consumer Protection and the Bureau of Economics. These efforts include:

- Assessing the extent to which the consumer complaint and other information made available by the agency is used by its staff and law enforcement partners.
- Evaluating whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement effort.
- Evaluating the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.
- Measuring the number of education messages disseminated each year and assessing the number and range of public and private sector organizations that partner with the FTC on outreach.
- Reviewing the focus of the FTC education efforts, determining whether the agency needs to reach new audiences in light of changes in demographics, advertising, and marketing practices, and identifying strategies or partnerships that will allow the FTC to reach those audiences.
- Evaluating whether the advice and comments the FTC provides to local, state, and federal agencies on consumer protection policies have been considered and adopted.

Objective 1.1 Identify and take actions to address deceptive or unfair practices that harm consumers.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Bureau of Economics

To fulfill its goal of protecting consumers, the FTC must identify consumer protection problems and trends in the fast-changing, increasingly global marketplace. The agency strives to understand the issues affecting consumers, including any newly emerging methods of fraud or deceit, so that it can target its enforcement, education, and advocacy on those areas where consumers suffer the most harm or where there will be the greatest impact. The FTC leverages its resources by sharing information with, and encouraging other law enforcement authorities to assist it in its efforts, by acting either independently or jointly.

To help ensure that its enforcement, education and advocacy efforts are well-targeted, the Bureau of Consumer Protection works with the Bureau of Economics in evaluating economic harm to consumers as cases and programs are developed.

The FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency continues to collect consumer complaint information directly through four principal sources:

1. a toll-free helpline (1-877-FTC-HELP)
2. an identity theft hotline (1-877-ID-THEFT)
3. the [National Do Not Call Registry](https://www.ftc.gov/identity-theft-registry) (1-888-382-1222)
4. the online consumer complaint forms that support items 1-3, as well as online forms dedicated to complaints from members of the U.S. Armed Forces and to cross-border fraud complaints.

In addition, the FTC continues to gather consumer complaint information from other sources, including national surveys, state and federal law enforcement agencies, Better Business Bureaus, and private entities. Further, the FTC maintains an electronic mailbox (spam@uce.gov) to which Internet users are encouraged to forward spam.

The agency makes consumer complaint data and other information available to other law enforcers through the secure website of the Consumer Sentinel Network.

The FTC recognizes that consumers cannot always identify whether unfair or deceptive practices have occurred. For example, consumers cannot evaluate for themselves the

truthfulness of an environmental marketing claim, such as “made with recycled content.” The agency, therefore, identifies targets by augmenting its complaint databases with other enforcement leads, such as ad monitoring, Internet “surfs” (monitoring the Internet for potentially false or deceptive advertising for a targeted product or service), evaluation of mobile practices, and direct referrals from government and private sector partners.

The FTC protects consumers by enforcing Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce, as well as by enforcing a number of statutes and rules proscribing specific unlawful practices. The FTC’s Bureau of Consumer Protection, with the support of the Bureau of Economics, investigates cases and initiates civil enforcement actions, primarily by filing actions in federal court, when there is reason to believe that entities have violated these laws and rules. The FTC’s enforcement actions seek injunctions and other relief. The FTC also brings enforcement actions via administrative proceedings.

Strategies

- Target law enforcement efforts on violations that create the greatest amount of consumer harm by reviewing complaints, monitoring practices in the marketplace, and evaluating industry and other information.
- Stop injury through aggressive law enforcement that focuses on preventing fraud and harmful financial practices, protecting consumer privacy, policing national advertising and new technologies, and suing entities that violate federal court and administrative orders obtained by the FTC.

FY 2014 Progress Update for Strategic Objective

Progress made

The FTC is surveying its staff and conducting internal brainstorming sessions to examine if there are additional ways to analyze and use information from the Consumer Sentinel Network (the Sentinel) database. In addition, the FTC is designing a survey of its law enforcement partners that use information from the Sentinel to identify possible improvements to increase its use by, and value to, these third parties. The agency continues to hold workshops to identify the consumer protection issues associated with changes in technology and the marketplace, and to identify scams affecting different communities. The agency has brought enforcement actions related to the topics of these workshops, such as mobile cramming, the Internet of Things, and scams affecting specific populations, such as senior citizens. The FTC continues to conduct studies to examine its effectiveness in stopping such misleading advertising claims. In two of the three studies already conducted, staff found that there was a statistically significant decrease in the number of misleading claims online after the agency’s enforcement efforts.

Challenges or barriers

It is difficult to develop studies to measure the effectiveness of the agency's enforcement efforts. The studies are limited to reviewing claims that FTC staff can determine are likely to be misleading without further investigation (facially misleading claims), and to online advertising because it is a medium that can be easily surveyed.

Performance Goals

- Performance Goal 1.1.1 Percentage of the FTC's consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC. (Output measure)
- Performance Goal 1.1.2 Rate of customer satisfaction with the FTC's Consumer Response Center. (Outcome measure)
- Performance Goal 1.1.3 Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement. (Efficiency measure)
- Performance Goal 1.1.4 Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury. (Outcome measure)

The first performance goal will ensure that FTC law enforcement actions target the subject of concerns identified by consumers. The second performance goal will ensure that the agency's Consumer Response Center is providing satisfactory service when it responds to consumer calls or complaints. The Consumer Response Center is often consumers' first contact with the FTC, and if consumers do not have a satisfactory experience, they may be less likely to file complaints. The third performance goal tracks how much money the FTC saves consumers each year through law enforcement. When the FTC files an administrative complaint or a federal district court action and prevails in litigation, it typically obtains a court order stopping the challenged practices. If defendants fail to comply with such an order, they are subject to contempt or civil penalty proceedings. By obtaining court orders to stop illegal practices that harm consumers, the agency directly prevents further consumer losses. The fourth performance goal will track the FTC's effectiveness in returning money to consumers who were defrauded or forwarding money to the U.S. Treasury (e.g., if redress is impracticable).

Performance Goal 1.1.1

Percentage of the FTC’s consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC. (Output measure)

2016	Target	80.0%	<p>TARGET MET/EXCEEDED.</p> <p>In FY 2014, 89.9%, or 62 of 69, of BCP’s law enforcement actions targeted the subject of consumer complaints to the FTC.</p> <p>Because BCP augments identification of targets from its databases with other strategies for generating enforcement leads – such as ad monitoring, Internet surfs, mobile app surveys, and direct referrals from government and private sector partners – the results vary from year to year.</p>
2015	Target	80.0%	
2014	Target	80.0%	
	Actual	89.9%	
2013	Target	70.0%	
	Actual	90.9%	
2012	Target	70.0%	
	Actual	90.6%	
2011	Target	65.0%	
	Actual	80.4%	
2010	Target	65.0%	
	Actual	95.9%	
2009	Target	65.0%	
	Actual	79.0%	
2008	Target	65.0%	
	Actual	71.0%	
2007	Target	50.0%	
	Actual	76.0%	

Performance Goal 1.1.2


Rate of customer satisfaction with the FTC’s Consumer Response Center. (Outcome measure)


2016	Target	See (A) and (B)	<p>TARGET NOT MET</p> <p>In FY 2014, the average citizen satisfaction score for participating federal government websites was 74%, and the score for the FTC’s website was 71%. The standards for call centers was 74%, and the FTC’s score was 81%.</p> <p>BCP did not meet the customer satisfaction target for the website due to the recent Complaint Assistant refresh. The Complaint Assistant refresh included changes to the online complaint form to improve user navigation, reduce the amount of time to submit a complaint, and update the look and feel to be consistent with www.ftc.gov. Our close monitoring of consumer survey results from users of the Complaint Assistant was the driving force behind the refresh. We expected our scores to be affected and understand, from our knowledge of this industry, consumers will need some degree of time to adjust. We have implemented close monitoring of consumer comments, and working with our vendor, we have implemented adjustments that we expect will result in improved survey scores in the coming quarters.</p>
2015	Target	See (A) and (B)	
2014	Target	(A)74% (B)74%	
	Actual	(A)71% (B)81%	
2013	Target	(A)74% (B)74%	
	Actual	(A)76% (B)80%	
2012	Target	(A)74% (B)74%	
	Actual	(A)75% (B)79%*	
2011	Target	(A)74% (B)74%	
	Actual	(A)75% (B)77%	
2010	Target	(A)74% (B)76%	
	Actual	(A)75% (B)76%	

(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI’s E-Government Satisfaction Index.

(B) For the call center, meet or exceed standards for call centers developed by the Citizens Service Levels Interagency Committee.

* The FY 2012 Actual for (B) has been corrected from what was shown in the FY 2013 PAR to reflect what was reported in the FY 2012 PAR.

	Key Performance Goal 1.1.3		
	Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement. (Efficiency measure)		
	2016	Target	650.0%
	2015	Target	650.0%
2014	Target	Baseline Year	<p>BASELINE YEAR.</p> <p>During FY 2014, the agency saved consumers over seven times the amount of resources devoted to the consumer protection program, or \$701.82 million. This is largely attributable to the consumer savings from the Sensa Products, Fortune Hi-Tech Marketing, and TriVita cases.</p> <p>*In December 2014, the Court vacated the default judgment and order of permanent injunction in a case from FY 2014 and reinstated the preliminary injunction order. The FY 2014 Actual for measure 1.1.3 has been revised from what was shown in the FY 2014 Agency Financial Report to reflect the removal of the case from the calculation.</p>
	Actual	769.0%*	

	Key Performance Goal 1.1.4		
	Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury. (Numbers shown in millions) (Outcome measure)		
	2016	Target	\$60.0
	2015	Target	\$60.0
2014	Target	Baseline Year	<p>BASELINE YEAR.</p> <p>In FY 2014, the FTC returned \$38.58 million to consumers and forwarded \$28.27 million to the U.S. Treasury. The FTC returned money to consumers in the Ab Circle Pro, American Tax Relief, and Central Coast Nutraceuticals cases, among others. The money returned to the U.S. Treasury included civil penalties obtained in settlements with Telecheck Services, Time Warner Cable, and National Attorney Collection Services.</p>
	Actual	\$66.9	

Other Indicators

- Complaints collected and entered into the Consumer Sentinel Network database. (Input measure)

The indicator ensures that the agency assimilates a large number of consumer complaints, including complaints about Do Not Call violations. The agency will receive these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC's partners. In this manner, the FTC will collect robust information to inform its law enforcement efforts.

- » FY 2014: 5.6 million complaints
- » FY 2013: 5.7 million complaints
- » FY 2012: 5.8 million complaints
- » FY 2011: 4.0 million complaints
- » FY 2010: 3.1 million complaints

- The percent of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months. (Efficiency measure)

The indicator will ensure that the FTC returns redress dollars to injured consumers as quickly as possible. Dollars are considered "designated for distribution" when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready.

- » FY 2014: 100.0%
- » FY 2013: 94.7%
- » FY 2012: 95.0%
- » FY 2011: 100.0%
- » FY 2010: 96.0%

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Assess the extent to which the consumer complaint and other information made available by the agency is used by its staff and law enforcement partners.
- Evaluate whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement.

- Evaluate the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.

Objective 1.2 Provide the public with knowledge and tools to prevent harm to consumers.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Bureau of Economics

Consumer and business education serves as the first line of defense against fraud, deception, and unfair practices. Most FTC law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. The agency also conducts consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and underserved audiences, particularly those who may not seek information directly from the FTC. In addition, the FTC will continue to educate consumers about how to avoid identity theft and provide information to those who have become victims of identity theft. The FTC also will continue to publicize its consumer complaint and identity theft websites and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of ways to contact the FTC to obtain information or file a complaint.

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act. Under this authority, the FTC gathers, analyzes, and makes public certain information that serves the public interest. The FTC also convenes conferences and workshops through which experts and other experienced and knowledgeable parties identify cutting-edge consumer protection issues and discuss ways to address those issues. The FTC recognizes that stakeholders other than government are at times better placed to address certain consumer protection issues. The agency, therefore, encourages self-regulatory efforts and partners with the private sector to disseminate consumer education content developed by the agency.

Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury. Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being, both online and off. Integrate mobile technologies into education and outreach initiatives through multimedia and interactive content.

- Monitor the marketplace and technological developments to identify emerging consumer protection issues, hold workshops or conferences to examine these issues, and, where appropriate, issue reports analyzing the issues to provide the public with knowledge and tools to prevent consumer harm.

FY 2014 Progress Update for Strategic Objective

Progress made

The FTC continues to examine its reach into different communities, and evaluate how best to reach all consumers as part of the agency's "Every Community" initiative. The basic premise of the "Every Community" initiative is that fraud affects consumers in every community regardless of where they live or what language they speak. To that end, the FTC is working with a research firm to survey different communities on the frauds they see, how they obtain consumer protection information, and how best to educate them about consumer protection issues. Results will inform educational targeting decisions in 2015. Based on staff experience, Sentinel data, and public/partner demand, the FTC increased its distribution of educational materials to Latino communities through the release of two "fotonovela" (graphic novel) publications. Community based organizations ordered these popular booklets by the thousands, in response to targeted mailings and marketing. Based on building attention to senior fraud issues in the media, by other agencies, in Congress, and among the general public, the FTC's Pass It On/Pásalo campaign provides information about avoiding scams to active older adults. Materials in English and Spanish reinforce what older adults already know about scams and encourage them to "pass it on" to their friends and neighbors. These two programs are part of the agency's ongoing efforts to reach underserved consumers.

Challenges or barriers


The FTC encountered challenges meeting the demand for educational materials available in print. We mitigated these issues through judicious funding, publication revisions, and streamlining the catalog of printed materials.

Performance Goals

- Performance Goal 1.2.1 Rate of consumer satisfaction with FTC consumer education websites. (Outcome measure)
- Performance Goal 1.2.2 Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns. (Output measure)
- Performance Goal 1.2.3 Number of workshops and conferences the FTC convened that address consumer protection problems. (Output measure)
- Performance Goal 1.2.4 Number of consumer protection reports the FTC released. (Output measure)

The first performance goal will ensure that the agency’s consumer education websites are effective and helpful for consumers. The second performance goal will ensure the FTC maximizes its reach to consumers and businesses by partnering with other groups and providing free bulk quantities of education materials via an online order system. These other groups often distribute the education materials directly to their constituents. The performance goal therefore helps determine the extent to which the FTC’s education tools reach consumers. The third performance goal ensures that enforcement and education efforts are augmented by encouraging discussions among all interested parties, through careful study of novel or challenging consumer protection problems. The fourth performance goal will ensure the FTC releases a variety of informative reports to the public that help promote the understanding and awareness of consumer protection issues.

Performance Goal 1.2.1			
Rate of consumer satisfaction with FTC consumer education websites. (Outcome measure)			
2016	Target	<i>Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.</i>	TARGET MET/EXCEEDED In FY 2014, the FTC continued to evaluate www.OnGuardOnline.gov , a joint effort of the federal government and the technology industry, created, maintained, and marketed by the FTC to help computer users guard against Internet fraud, secure their computers, and protect their personal information. The average citizen satisfaction score for participating federal government websites was 73.0%, and the score for www.OnGuardOnline.gov was 79.0%. The continued measurement of the website over time has allowed the FTC to assess the effect of website improvements on customer satisfaction.
2015	Target	<i>Meet or exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.</i>	
2014	Target	73.0%	
	Actual	79.0%	
2013	Target	73.0%	
	Actual	80.0%	
2012	Target	74.0%	
	Actual	81.0%	
2011	Target	74.0%	
	Actual	81.0%	
2010	Target	74.0%	
	Actual	77.0%	

	Key Performance Goal 1.2.2		Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns. (Output measure)
	2016	Target	
	2015	Target	11,500
2014	Target	11,250	TARGET MET/EXCEEDED The FTC increased the number of partners using consumer and business education materials by employing targeted outreach programs and leveraging cost-effective outlets, such as social media. In FY 2014, targeted mailings promoted Arabic language immigration materials, new Spanish language “fotonovelas,” Pass It On information for older consumers, and a revised version of Net Cetera: Chatting with Kids About Being Online. Materials are promoted through the agency’s websites, blog posts, webinars, Twitter chats, and Facebook posts.
	Actual	12,205	
2013	Target	12,300	
	Actual	11,236	
2012	Target	12,000	
	Actual	11,298	
2011	Target	11,300	
	Actual	14,818	
2010	Target	11,000	
	Actual	15,372	

Performance Goal 1.2.3

Number of workshops and conferences the FTC convened that address consumer protection problems. (Output measure)

2016	Target	10	<p>TARGET NOT MET</p> <p>In FY 2014, the FTC convened or cosponsored 10 workshops and conferences that addressed consumer protection problems. These events brought together approximately 7,658 participants.</p> <p>Although BCP did not meet its target, participation at workshops and conferences more than doubled from the 3,417 participants in FY 2013.</p>
2015	Target	12	
2014	Target	12	
	Actual	10	
2013	Target	8	
	Actual	12	
2012	Target	8	
	Actual	14	
2011	Target	8	
	Actual	14	
2010	Target	6	
	Actual	11	
2009	Target	6	
	Actual	9	
2008	Target	6	
	Actual	16	
2007	Target	6	
	Actual	10	

Performance Goal 1.2.4			
Number of consumer protection reports the FTC released. (Output measure)*			
2016	Target	8	<p>TARGET NOT MET</p> <p>In FY 2014, the FTC published four consumer protection related reports in the areas of mobile cramming, mobile shopping apps, self-regulation in the alcohol industry, and data transparency and accountability. The agency also published two annual reports – the Do-Not-Call Registry and the Consumer Sentinel Network Data Book. Although the agency did not meet the target of publishing 10 consumer protection reports, several reports were drafted during the FY 2014 but have yet to be finalized for publication. These reports are expected to be published in FY 2015.</p> <p>*New performance goal in FY 2014. Historical data shown for context.</p>
2015	Target	10	
2014	Target	10	
	Actual	6	
2013	Actual	12	
2012	Actual	10	
2011	Actual	9	

Other Indicators

- Consumer protection messages accessed in print. (Output measure)

The indicator helps ensure that the agency is engaging in a sufficient amount of educational activity.

- » FY 2014: 13.7 million messages
- » FY 2013: 11.8 million messages
- » FY 2012: 10.8 million messages
- » FY 2011: 16.2 million messages
- » FY 2010: 17.5 million messages

- Social media subscribers and followers. (Input measure)

The indicator helps gauge the FTC's online presence, which enables the agency to reach more consumers with its educational messages.

- » FY 2014: 263,568 subscribers/followers
- » FY 2013: 152,548 subscribers/followers
- » FY 2012: 75,424 subscribers/followers

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Measure the number of education messages disseminated each year and assess the number and range of public and private sector organizations that partner with the FTC on outreach.
- Review the focus of FTC education efforts, determine whether the agency needs to reach new audiences in light of changes in demographics, advertising, and marketing practices, and identify strategies or partnerships that will allow the FTC to reach those audiences.

Objective 1.3 Collaborate with domestic and international partners to enhance consumer protection.

Goal Leaders: Director, Bureau of Consumer Protection; Director, Office of International Affairs; Director, Office of Policy Planning; Director, Bureau of Economics

The FTC works with partners in the United States and internationally to address new and emerging consumer protection challenges. The geographic location and other demographics may affect the types of fraud that consumers encounter. It is, therefore, important for governmental and non-governmental organizations to share information and resources to enhance consumer protection.

The FTC promotes consumer protection domestically through advocacy by filing comments with federal, state, and local government bodies advocating policies that 1) promote the interests of consumers and 2) highlight the roles of consumer and empirical research in their decision-making. The agency also files amicus briefs to aid courts' consideration of consumer protection issues.

Because telemarketing and internet fraud, privacy violations, and data security breaches are increasingly cross-border in scope, the FTC routinely cooperates and collaborates with its foreign counterparts to implement broad-based international programs that combine cross-border law enforcement, policy, and technical assistance work. The FTC actively participates in numerous multinational organizations that engage in enforcement cooperation activities against mass-marketing fraud. The FTC provides technical assistance to newer consumer protection agencies and privacy authorities in foreign countries to help enhance their ability to achieve sound consumer protection outcomes in enforcement and policy-making. The agency also provides policy advice through substantive consultations and written comments on areas of mutual concern. This multi-faceted approach promotes a global marketplace that provides consumers with more consistent and effective protections.

Strategies

- Leverage resources by working with domestic and international partners in government and the private sector to share information about consumer protection issues.
- Pursue the development of international consumer protection enforcement models or approaches that focus on protecting consumers by promoting informed consumer choice and economic benefit.
- Provide technical assistance to countries establishing consumer protection regimes, as well as provide selected foreign officials with an opportunity to work alongside FTC attorneys, investigators, and economists to learn about the FTC's approach to consumer protection enforcement and to promote further cooperation between the countries.

FY 2014 Progress Update for Strategic Objective

Progress made

The FTC has continued to engage with international counterparts on consumer policy issues, resulting in the Organization for Economic Cooperation and Development (OECD) policy guidance on both online and mobile payment systems and digital content products, as well as the advancement of negotiations on the revision of the OECD's overall consumer protection guidelines for e-commerce. OECD work has also advanced on self-regulation issues, which relates to the question of enforceable codes of conduct. The FTC has also provided 60 policy inputs to foreign counterparts on a variety of consumer policy issues. On the enforcement front, the FTC has continued to strengthen the existing enforcement networks, expanding the number of authorities participating; the Global Privacy Enforcement Network, for example, has now grown to more than 50 members. In addition, the FTC has continued its engagement in developing and improving interoperable transfer systems for protecting data privacy; in particular, the FTC has engaged on how to improve the existing U.S.-EU Safe Harbor system, and brought a series of enforcement actions in support of that engagement.

Challenges or barriers

International cooperation efforts are long-term efforts that can be affected by events beyond the agency's control. Political turmoil in certain regions, for example, can make cooperation on our particular issues more difficult; developments with Russia, for example, make dialogue on privacy issues more challenging. Political sensitivities as to aspects of privacy not handled by the agency may also affect international aspects of the FTC's commercial sector privacy policy dialogues.

Performance Goals

- Performance Goal 1.3.1 Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhanced consumer protection. (Output measure)
- Performance Goal 1.3.2 Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters. (Output measure)
- Performance Goal 1.3.3 Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC. (Output measure)
- Performance Goal 1.3.4 Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)

The first performance goal will ensure the FTC is leveraging resources with domestic partners on consumer protection issues to further the goal of protecting consumers from fraud. The second performance goal will ensure that the agency is leveraging resources with foreign agencies and organizations, to increase the effectiveness of the FTC's enforcement actions. The third performance goal will track policy advice and/or technical assistance the FTC provides to foreign consumer and privacy agencies through seminars, substantive consultations, written submissions, comments, and visits by foreign officials. The fourth performance goal will evaluate the success of consumer protection advocacies filed by the FTC.

Performance Goal 1.3.1			
Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhanced consumer protection. (Output measure)*			
2016	Target	375	BASELINE YEAR. In FY 2014, BCP shared information with other U.S. federal, state, and local government agencies in 105 investigations or cases. In FY 2014, BCP received information from other U.S. federal, state, and local government agencies in 322 investigations or cases.
2015	Target	375	
2014	Target	Baseline Year	
	Actual	424	



Key Performance Goal 1.3.2

Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters. (Output measure)

2016	Target	40	<p>TARGET MET/EXCEEDED</p> <p>In FY 2014, the FTC cooperated in 45 instances on consumer protection and privacy matters to share evidence or provide other assistance for investigations and litigation with authorities in numerous jurisdictions, including Australia, Canada, China, Costa Rica, the Dominican Republic, the European Union (Europol), Ireland, Italy, Mexico, Nigeria, Portugal, Romania, Slovakia, Spain, Thailand, and the United Kingdom. Foreign authorities assisted the FTC in activities such as locating investigative targets and defendants, obtaining corporate records, obtaining witness statements, and providing investigative information. The FTC also provided assistance to numerous foreign authorities. In several instances, the information the FTC provided to the foreign entity involved a parallel proceeding or reciprocal assistance to the FTC. The FTC also engaged in mutual assistance with international enforcement organizations such as the International Consumer Protection Enforcement Network, the Global Privacy Enforcement Network, the London Action Plan anti-spam network, and the International Mass Marketing Fraud working group.</p>
2015	Target	40	
2014	Target	40	
	Actual	45	
2013	Target	30	
	Actual	61	
2012	Target	30	
	Actual	56	
2011	Target	30	
	Actual	53	
2010	Target	30	
	Actual	39	

Performance Goal 1.3.3

Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC. (Output measure)

Year	Measure	Value	Notes
2016	Target	60	TARGET MET/EXCEEDED In FY 2014, the FTC provided policy input to foreign consumer protection and privacy agencies in 60 instances. This included policy advice through 40 consultations, presentations, and written comments. New and emerging Internet policy and consumer privacy issues are being considered both by foreign agencies and by a growing range of international organizations. Also in FY 2014, the agency conducted 19 technical assistance missions and hosted an international Fellow from the European Commission in support of the consumer protection mission. There has been a sustained demand for the FTC's policy advice and technical input on consumer policy, enforcement, and related issues. *Previously tracked as two separate performance goals – policy advice provided and technical assistance provided - these two performance goals were combined into a single performance goal starting in FY 2014.
2015	Target	60	
2014	Target	60	
	Actual	60	
2013	Target	68	
	Actual	74	
2012	Target	68	
	Actual	73	
2011	Target	48	
	Actual	67	
2010	Target	48	
	Actual	87	

Performance Goal 1.3.4

Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)*

Year	Measure	Value	Notes
2016	Target	55.0%	TARGET MET/EXCEEDED Six consumer protection advocacies that were successful, in whole or in part, in FY 2013 related to consumer financial education, taxicab regulation, the practice of law, unauthorized telephone billing, debt collection, and telemarketing. FY 2014 data is expected in early calendar year 2015. *Historical data shown for context. **The FY 2011 actual only includes advocacies filed in FY 2011, of which zero were resolved that year.
2015	Target	55.0%	
2014	Target	55.0%	
	Actual	TBD	
2013	Target	55.0%	
	Actual	86.0%	
2012	Actual	100.0%	
2011	Actual	none**	
2010	Actual	No data	

Other Indicators

- Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts. (Output measure)

The indicator is a measure of the outputs of the agency's advocacy activities relating to consumer protection matters.

- » FY 2014: 11 advocacy comments and amicus briefs
- » FY 2013: 12 advocacy comments and amicus briefs
- » FY 2012: 8 advocacy comments and amicus briefs
- » FY 2011: 3 advocacy comments and amicus briefs
- » FY 2010: 6 advocacy comments and amicus briefs

- Percentage of survey respondents finding the FTC's advocacy comments to be "useful." (Outcome measure)

The indicator helps assess the effect of consumer protection advocacy comments based on survey respondents' feedback.

- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: N/A - No survey responses received
- » FY 2011: 100.0%
- » FY 2010: 100.0%

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Engage through the Organization for Economic Cooperation and Development (OECD) to update the 1999 OECD Guidelines on Consumer Protection in Electronic Commerce and related work on digital content products and participative (or social) e-commerce in preparation for the OECD's 2016 Internet Ministerial. Engage in related work in other international organizations, such as the review and proposed update of the United Nations Guidelines on Consumer Protection.
- Work with international partners to strengthen cooperation among enforcement partners, bilaterally and through multilateral organizations such as the Internal Consumer Protection Enforcement Network and the London Action Plan, includ-

ing through new and expanded initiatives with foreign criminal authorities and private sector partners (e.g., companies that are working on technological solutions to problems such as caller ID spoofing) particularly in countries that are increasingly the source of fraud directed at American consumers. Use technological tools to expand cooperation and information sharing with counterpart agencies.

- Engage in enforcement cooperation pursuant to the Asia-Pacific Economic Cooperation (APEC) cross-border data privacy rules system and work to expand membership among APEC countries.
- Consult with international authorities on developing new approaches to privacy and cross-border data transfers through the OECD and other international organizations such as the International Conference of Data Protection and Privacy Commissioners and the Global Privacy Enforcement Network. Work bilaterally on enhancements to the U.S.-EU Safe Harbor Framework.
- Continue to explore the use of enforceable codes of conduct, including voluntary industry codes, public-private hybrid arrangements, and international standards to protect consumers in cross-border commerce.
- Continue to build and expand a robust international consumer protection and privacy technical assistance program for newer consumer protection and privacy agencies.
- Further develop the International Fellows and staff exchange programs.
- File comments or otherwise engage in advocacy with state, federal, and foreign governments that evaluate both the costs and benefits of proposed policies on consumers and an awareness of the intersection of competition and consumer protection concerns.
- Evaluate whether the advice and comments (e.g., advocacy filings and amicus briefs) that the FTC provides to local, state, and federal government entities on consumer protection policies have been considered and adopted.

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Strategic Goal 2: Maintain Competition

The FTC's efforts to maintain competition focus on preventing anticompetitive mergers and other anticompetitive business practices in the marketplace. This work is critical to protect and strengthen free and open markets – the cornerstone of a vibrant economy. Vigorous competition results in lower prices, higher quality goods and services, and innovation leading to beneficial new products and services. By enforcing the antitrust laws, the FTC helps to ensure that markets function well.

As a part of its program to maintain competition, the FTC undertakes competition policy research and development activities to improve agency decision making in areas such as law enforcement and competition advocacy. The FTC also promotes competition through advocacy and education initiatives. These initiatives deter anticompetitive mergers and business practices and reduce business' costs of compliance with antitrust laws. Advocacy encourages governmental actors at the federal, state, and local levels to evaluate the effects of their policies on competition and ensure such policies promote consumer benefit.

Evaluations and Research

The FTC continuously evaluates the effectiveness of its efforts to maintain and promote competition. The FTC uses research projects, workshops, and hearings to improve its understanding of significant antitrust issues, emerging trends in business practices, and dynamic technology markets in order to adapt its law enforcement efforts to the continually evolving and complex marketplace. After each major litigation effort, the FTC internally evaluates its litigation performance to identify best practices and training opportunities for future litigation teams. The FTC assesses its investigative process to improve efficiency and reduce any unnecessary burden imposed by investigations. The FTC's Bureau of Economics conducts merger retrospective analyses of mergers and studies other competition issues to determine whether the actions taken resulted in over or under regulation. The agency also evaluates the policy impact of the FTC's advocacy initiatives.

Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.

Goal Leaders: Director, Bureau of Competition; Director, Bureau of Economics

The FTC takes action to block or remedy anticompetitive mergers and to stop anticompetitive conduct. Anticompetitive mergers and other coordinated or unilateral conduct can lessen competition and cause harm to consumers through higher prices, inferior service, or diminished innovation. Anticompetitive practices can also harm competition and consumers if they make it more difficult for other companies to enter the market. Enforcement of the antitrust laws provides substantial benefits to consumers by helping to ensure that markets are competitive.

The FTC's Bureau of Competition, together with the Bureau of Economics, investigates proposed and consummated mergers, as well as conduct and agreements that may be anticompetitive, and takes enforcement action when it has reason to believe that mergers or conduct will likely harm consumers. The FTC's enforcement actions result in litigation, consent orders, abandoned or restructured transactions or agreements, or the cessation of anticompetitive conduct. The FTC strives to maintain strong litigation capabilities and works to ensure that the remedies imposed by its consent orders are effective in maintaining competition in the marketplace without undue burden on businesses.

The Hart-Scott-Rodino (HSR) Premerger Notification Act provides the FTC an effective starting point for identifying anticompetitive mergers and taking action to block or remedy them before they are consummated. The FTC administers the HSR program both for itself and for the Antitrust Division of the Department of Justice, which shares authority to challenge anticompetitive mergers. The FTC also uses trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that do not meet HSR notification requirements, or that were not reported in violation of HSR.

In addition, the FTC employs a variety of methods to identify potentially anticompetitive practices and conduct outside the merger context (for example, consumer and competitor complaints, referrals from other government agencies, and trade press).

Strategies

- Increase the efficiency of investigatory processes to conduct rigorous, economically sound, and fact-based analysis of mergers and other potentially anticompetitive business practices, and enhance enforcement outcomes while minimizing burdens on business.

- Improve the timeliness of investigations and merger review under the HSR program. Ensure that administrative litigations and adjudications reach timely resolutions.
- Improve negotiation and litigation skills and refine investigative and decisional tools through continuous learning.
- Negotiate merger and nonmerger consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects. Increase compliance with consent decrees and orders and with HSR reporting obligations.
- Increase the transparency of the decision-making process, including assessing whether revisions to enforcement guidelines are required.

FY 2014 Progress Update for Strategic Objective

Progress made

The FTC devoted significant resources to legal professional development in FY 2014. The agency focused on cost-neutral approaches to use staff expertise and experience to provide valuable training opportunities to its staff. The Bureau of Competition's Training Council offered programs addressing important topics in antitrust enforcement, and facilitating intra-organizational collaboration. The Bureau also continued a revamped mentoring program, and made targeted investments in executive leadership development and communications.

The agency continued to devote resources to identifying opportunities to streamline its investigatory processes and minimize the burden imposed on legitimate business practices. The agency is approaching the launch of a new litigation support platform, and continued to develop systems to enhance management decision making.

Challenges or barriers


Resource constraints remain the most significant challenge to the agency. Development and support of the technological tools necessary to improve processes and streamline operations require significant financial and staff resources. The agency continues to lose valuable human resources to retirement or private practice. The agency must continue to engage in knowledge management to use the intellectual and experiential assets at its disposal.

Performance Goals

- Performance Goal 2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations. (Outcome measure)
- Performance Goal 2.1.2 Consumer savings through merger actions taken to maintain competition. (Outcome measure)

- Performance Goal 2.1.3 Total consumer savings compared to the amount of FTC resources allocated to the merger program. (Efficiency measure)
- Performance Goal 2.1.4 Consumer savings through nonmerger actions taken to maintain competition. (Outcome measure)
- Performance Goal 2.1.5 Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program. (Efficiency measure)


Performance Goal 2.1.1 encourages the agency to use its resources wisely in bringing appropriate investigations and in crafting and pursuing effective resolutions, whether through litigation or settlement. Success on this performance measure indicates that the FTC is (i) effectively screening HSR reported transactions and identifying other mergers and conduct practices that raise significant antitrust concerns warranting further investigation and possible enforcement action while (ii) allowing procompetitive and competitive neutral mergers and conduct to consumers to proceed unimpeded. The remaining four measures ensure that the agency challenges the mergers and conduct that cause the greatest consumer injury by targeting the agency's resources effectively and efficiently. Performance Goals 2.1.2 and 2.1.4 assess the consumer benefits attributable to the FTC's enforcement actions, while Performance Goals 2.1.3 and 2.1.5 serve as indicators of the competition mission's return on investment for consumers.

			Key Performance Goal 2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations. (Outcome measure)
2016	Target	40.0 to 60.0%	TARGET MET/EXCEEDED The agency achieved successful outcomes in 24 of the 42 substantial merger and nonmerger investigations concluded in FY 2014. These 24 actions include 19 consent orders, 3 merger transactions that were withdrawn or restructured as a consequence of the antitrust concerns raised during the investigation, 1 case in which the agency issued a consent order after filing a complaint in federal court, and 1 case in which the parties abandoned their transaction in response to the agency's complaint. The agency brought 18 merger actions in second request or compulsory process investigations in a wide variety of industries such as pharmaceuticals and medical devices (Thermo Fisher/Life Technologies, Endo Health Solutions/Boca Life Science, Akorn/Hi-Tech Pharmacal, Forest Laboratories/Actavis, Valeant Pharmaceuticals International/Precision Dermatology), supermarkets (Albertson's/United Supermarkets, Bi-Lo Holdings/Delhaize Group), hospitals (Community Health Systems/Health Management Associates), databases (CoreLogic/TPG), consumer goods (Jostens/American Achievement Group), and glass beer and spirits containers (Ardagh/Compagnie De Saint-Gobain). On the nonmerger side, the FTC brought six actions against anti-competitive tactics that the agency had reason to believe harmed consumers or competition. In FY 2014, the FTC issued four settlement orders prohibiting restraints in professional codes of ethics (the Music Teachers National Association, the California Association of Legal Support Professionals, the National Association of Teachers of Singing, and the National Association of Residential Property Managers). The FTC settled charges against two Internet barcode resellers who invited competitors to join in a collusive scheme to raise the prices for barcodes sold over the Internet. In another conduct case, the FTC settled charges against two ski manufacturers who agreed not to compete with each other to secure endorsements by professional skiers or hire employees. Of the 18 substantial investigations that were closed without an action, 12 involved nonmerger matters and 6 were merger matters.
2015	Target	40.0 to 60.0%	
2014	Target	40.0 to 60.0%	
	Actual	57.1%	
2013	Target	40.0 to 60.0%	
	Actual	42.2%	
2012	Target	40.0 to 60.0%	
	Actual	43.1%	
2011	Target	40.0 to 60.0%	
	Actual	34.1%	
2010	Target	40.0 to 60.0%	
	Actual	40.0%	

Performance Goal 2.1.2

Consumer savings through merger actions taken to maintain competition. (Numbers shown in millions) (Outcome measure)


2016	Target	\$900.0	TARGET MET/EXCEEDED In FY 2014, the FTC saved consumers an estimated \$1 billion through its merger actions to maintain competition.
2015	Target	\$900.0	
2014	Target	\$900.0	
	Actual	\$1.0 billion	
2013	Target	\$500.0	
	Actual	\$564.2	
2012	Target	\$500.0	
	Actual	\$504.9	
2011	Target	\$500.0	
	Actual	\$532.2	
2010	Target	\$500.0	
	Actual	\$586.0	
2009	Target	\$500.0	
	Actual	\$791.0	
2008	Target	\$500.0	
	Actual	\$360.0	
2007	Target	\$500.0	
	Actual	\$805.0	

	Key Performance Goal 2.1.3 Total consumer savings compared to the amount of FTC resources allocated to the merger program. (Efficiency measure)		
	2016	Target	2,600.0%
2015	Target	2,600.0%	
2014	Target	2,600.0%	
	Actual	2,505.2%	
2013	Target	1,300.0%	
	Actual	1,382.2%	
2012	Target	1,300.0%	
	Actual	1,492.4%	
2011	Target	600.0%	
	Actual	1,419.0%	
2010	Target	600.0%	
	Actual	1,670.0%	
2009	Target	600.0%	
	Actual	2,132.0%	
2008	Target	600.0%	
	Actual	1,121.0%	
2007	Target	600.0%	
	Actual	2,500.0%	

Performance Goal 2.1.4

Consumer savings through nonmerger actions taken to maintain competition.
(Numbers shown in millions) (Outcome measure)

2016	Target	\$80.0	<p>TARGET NOT MET</p> <p>In FY 2014, the FTC obtained estimated savings to consumers of approximately \$419.0 million through non-merger actions taken to maintain competition.</p> <p>In FY 2011 and FY 2010, the agency exceeded the target on this measure by more than 455%, and 533% respectively, primarily due to the large volume of commerce in one case involving Intel Corporation, the world’s leading computer chip maker. Intel was charged with illegally using its dominant market position for a decade to stifle competition and strengthen its monopoly. The agency modified the targets for FY 2012 through FY 2014 to preserve the integrity of the measure. Targets for future years have been adjusted based on prior year results and expected future performance. The impact will no longer be felt after FY 2014.</p> <p>Additionally, nonmerger/conduct cases historically take longer than merger cases to investigate and bring to a final conclusion. The agency is currently in the midst of litigation in six nonmerger cases still pending at the close of FY 2014.</p>
2015	Target	\$80.0	
2014	Target	\$440.0	
	Actual	\$419.0	
2013	Target	\$450.0	
	Actual	\$449.8	
2012	Target	\$450.0	
	Actual	\$439.8	
2011	Target	\$80.0	
	Actual	\$444.9	
2010	Target	\$80.0	
	Actual	\$508.0	
2009	Target	\$80.0	
	Actual	\$188.0	
2008	Target	\$80.0	
	Actual	\$28.0	
2007	Target	\$80.0	
	Actual	\$75.0	

	Key Performance Goal 2.1.5		
	Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program. (Efficiency measure)		
2016	Target	400.0%	TARGET MET/EXCEEDED
2015	Target	400.0%	
2014	Target	1,850.0%	<p>In FY 2014, the FTC saved consumers more than 20 times the amount of resources it devoted to the non-merger enforcement program. As mentioned under Performance Goal 2.1.4, the agency exceeded the target in FY 2011 and FY 2010 primarily due to one case, which involved Intel Corporation. The targets for FY 2012 through FY 2014 were adjusted upward as a result.</p> <p>Additionally, as mentioned in Performance Goal 2.1.4, nonmerger/conduct cases historically take longer than merger cases to investigate and bring to a final enforcement action. For example, the agency is currently in the midst of litigation in six nonmerger cases which did not conclude in FY 2014.</p> <p>Targets for future years have been adjusted based on prior year results and expected future performance. The effect attributable to the Intel case in FY 2010 will expire in FY 2015.</p>
	Actual	2,028.3%	
2013	Target	2,000.0%	
	Actual	2,296.0%	
2012	Target	2,000.0%	
	Actual	1,831.7%	
2011	Target	400.0%	
	Actual	1,917.7%	
2010	Target	400.0%	
	Actual	2,418.0%	
2009	Target	400.0%	
	Actual	1,035.0%	
2008	Target	400.0%	
	Actual	164.0%	
2007	Target	400.0%	
	Actual	424.0%	

Other Indicators

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took merger enforcement action. (Outcome measure)
 - » FY 2014: \$18.6 billion
 - » FY 2013: \$21.0 billion
 - » FY 2012: \$20.2 billion
 - » FY 2011: \$22.7 billion
 - » FY 2010: \$22.5 billion

- Average total sales for the current year plus previous four fiscal years in the affected markets in which the Commission took anticompetitive conduct enforcement action. (Outcome measure)
 - » FY 2014: \$10.9 billion
 - » FY 2013: \$13.1 billion
 - » FY 2012: \$11.7 billion
 - » FY 2011: \$11.6 billion
 - » FY 2010: \$11.7 billion

These two indicators highlight the effective and efficient use of FTC resources by measuring the size of the relevant product markets in which the agency took enforcement action. At the same time, the FTC acknowledges the important educational and deterrent roles that competition enforcement actions in smaller markets play in maintaining and promoting competition in larger markets.

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Continue to expand employee development programs to increase the antitrust expertise and investigative, negotiation, and litigation skills of its legal staff through continuous learning and identification of “best practices.” Utilize the Bureau of Competition’s newly created Training Council to assess legal staff development opportunities and to create and implement a comprehensive training curriculum to address staff needs.

- Continue to focus on improving the investigative process, including use of improved technological tools to better manage and coordinate investigations.

- As in prior years, continue ongoing assessment of premerger notification filing requirements to maximize efficiency and reduce the burden on filing persons and the antitrust agencies.

Objective 2.2 Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.

Goal Leaders: Director, Bureau of Competition; Director, Office of Policy Planning

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act and the historical report-writing activity of its predecessor entity, the Bureau of Corporations. Under this authority, the FTC gathers, analyzes, and makes public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses this authority to enhance consumer welfare by holding public hearings, convening conferences and workshops, conducting economic studies on competition issues of significant public importance, and issuing reports of its findings. The agency uses the information internally to refine the theoretical economic framework for analyzing competition issues and understanding industry practices, and to help the FTC respond effectively to changing marketplace conditions. This information also contributes to a better understanding of business practices and their competitive and economic implications, providing guidance to the business sector, the legal community, other enforcement authorities, the judiciary, and governmental decision makers and policymakers at the federal, state, and local levels.

The FTC also promotes competition through advocacy, information, and education. In its advocacy work, the FTC files comments with federal, state, and local government bodies advocating policies that promote the interests of consumers and highlights the role of consumer and empirical research in their decision making. The FTC also files amicus (“friend of the court”) briefs to aid courts’ consideration of competition issues. Educating consumers and businesses about competition law and policy also promotes competition. Informing businesses and their legal advisers about potential antitrust violations deters anticompetitive mergers and anticompetitive business practices and reduces businesses’ cost of compliance. Educating consumers about their rights and their ability to bring violations to the FTC’s attention reduces the cost of identifying anticompetitive conduct. Providing consumers and businesses with information about how antitrust enforcement benefits the common good can also encourage cooperation with FTC investigations and strengthen enforcement actions.

Strategies

- Improve the agency’s understanding of various practices and developments in the marketplace by conducting public hearings, conferences, and workshops that bring together interested parties and conducting economic research on these is-

sues. Utilize the information gathered to inform the agency's enforcement agenda. Improve the dissemination of material gathered through hearings, conferences, and workshops.

- Target advocacy activities to encourage state and federal government policymakers to evaluate the competitive implications of their existing and proposed policies, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- Increase transparency of the agency's decision-making by ensuring that the content of complaints, press releases, and analyses to aid public comment explain in sufficient detail and with sufficient clarity the evidence and theory of a case, within the constraints of confidentiality requirements. Expand the use of other public statements to improve the public's understanding of the FTC's enforcement policies.

FY 2014 Progress Update for Strategic Objective

Progress made

The FTC continued to organize public conferences to advance the agency's understanding of economic developments and emerging business practices and inform antitrust policy through consideration of diverse perspectives. In FY 2014, the agency hosted four public workshops in broad areas of antitrust policy including health care competition and policy, the implications of conditional pricing practices, the impact of legislative and regulatory naming proposals on competition in biologics, and its Sixth Annual Microeconomics Conference. The workshops received substantial participation from business and consumer groups, research institutions, and other practitioners who submitted working papers, contributed to panel discussions, and submitted public comments on the important topics discussed. The agency effectively used technological resources at its disposal to announce and request participation in these events and to continue the dialogue by sharing public comments and making public transcripts and videos from the sessions.

The FTC continued to respond to requests for comment from local, state, and federal entities to provide policymakers with a framework to analyze the potential competitive implications of pending governmental actions that may have a major impact on consumers. In FY 2014, the agency issued advocacy comments to utility authorities in three states on the use of dynamic pricing models for residential energy services. Staff also provided comments to the ERISA Advisory Council regarding Pharmacy Benefit Managers, the Centers for Medicare and Medicaid Services concerning changes in contracting for Medicare Part D, the Commission on Dental Accreditation on education programs for dental therapists, and to two state legislatures addressing scope of practice for non-physician health care professionals. It also submitted comments to three states on the regulation of automobile distribution and sale and to the City of Chicago on transportation regulation.

The agency also continued to progress in its efforts to advance the public's understanding of its decisions through the publication of analyses to aid public comment, speaking engagements, and the creation of the "Competition Matters" blog which covers an array of competition policy and practice issues.

Challenges or barriers

The FTC will continue to identify opportunities to advance the public's and its own understanding of competition issues in a dynamic and increasingly complex marketplace, particularly in the areas of health care, technology, and intellectual property. The agency must continue to use its limited resources to expand its advocacy and outreach efforts despite increased demands from its resource-intensive enforcement efforts. The agency must also expand its use of technology and public interaction to better promote the consumer understanding of the benefits of competition.

Performance Goals

- Performance Goal 2.2.1 Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues. (Output measure)
- Performance Goal 2.2.2 Number of reports and studies the FTC issued on key competition-related topics. (Output measure)
- Performance Goal 2.2.3 Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)

Performance Goal 2.2.1 encourages the FTC to use non-investigative tools such as workshops, seminars, conferences, and hearings on significant competition-related issues to benefit consumers. The second performance goal will track research, reports, and studies that enhance consumer and business knowledge of competition issues. The third performance goal will evaluate the success of competition advocacies filed by the FTC.

Performance Goal 2.2.1

Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues. (Output measure)

2016	Target	4	<p>TARGET MET/EXCEEDED</p> <p>In FY 2014, the FTC held four competition and economics-related conferences. In February 2014, the agency hosted a day-long workshop on competition issues related to the regulation of follow-on biologics. That was followed by a two-day workshop on Examining Health Care Competition held in March 2014. Workshop participants discussed professional regulation of health care providers; innovations in health care delivery; advancements in health care technology; measuring and assessing health care quality; and price transparency of health care services.</p> <p>Another event was a joint conference with the Department of Justice’s Antitrust Division held in June 2014 examining the impact of conditional pricing arrangements – practices in which prices are explicitly or effectively contingent on commitments to purchase or sell a specified share or volume of a single product or a mix of multiple products – such as loyalty or bundled pricing.</p> <p>The FTC’s Microeconomics Conference, held annually in November, brings together scholars and leaders from universities throughout the world, other government agencies, and other organizations to discuss antitrust, consumer protection, and policy issues which FTC economists encounter in their work. The Conference included discussions of antitrust in the Internet age and the economics of prize-linked savings.</p>
2015	Target	4	
2014	Target	4	
	Actual	4	
2013	Target	4	
	Actual	4	
2012	Target	4	
	Actual	3	
2011	Target	4	
	Actual	4	
2010	Target	4	
	Actual	6	
2009	Target	4	
	Actual	8	
2008	Target	4	
	Actual	5	
2007	Target	4	
	Actual	7	

Performance Goal 2.2.2

Number of reports and studies the FTC issued on key competition-related topics.
(Output measure)

2016	Target	8	<p>TARGET MET/EXCEEDED</p> <p>In FY 2014, the FTC published working papers on how mergers affect competition in patient care quality, regulation of advanced practice nurses, and the U.S. oil refining industry. The agency also published an annual report on concentration in the ethanol industry and the Hart-Scott-Rodino Annual Report on the premerger notification program and merger enforcement.</p>
2015	Target	8	
2014	Target	8	
	Actual	11	
2013	Target	8	
	Actual	14	
2012	Target	8	
	Actual	9	
2011	Target	8	
	Actual	11	
2010	Target	8	
	Actual	9	
2009	Target	8	
	Actual	20	
2008	Target	8	
	Actual	7	
2007	Target	8	
	Actual	18	

Performance Goal 2.2.3

Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part. (Outcome measure)*

2016	Target	55.0%	<p>TARGET MET/EXCEEDED</p> <p>Six competition advocacies that were successful, in whole or in part, in FY 2013 related to physician collective bargaining, taxicab regulation, the practice of law, electricity regulation, the state action doctrine, and international antitrust law. FY 2014 data is expected in early calendar year 2015.</p> <p>*Historical data shown for context.</p>
2015	Target	55.0%	
2014	Target	55.0%	
	Actual	TBD	
2013	Target	55.0%	
	Actual	75.0%	
2012	Actual	58.8%	
2011	Actual	87.5%	
2010	Actual	No data	

Other Indicators

- Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies, or courts. (Output measure)

The indicator is a measure of the outputs of the agency’s advocacy activities relating to competition matters.

- » FY 2014: 16 advocacy comments and amicus briefs
- » FY 2013: 19 advocacy comments and amicus briefs
- » FY 2012: 18 advocacy comments and amicus briefs
- » FY 2011: 16 advocacy comments and amicus briefs
- » FY 2010: 17 advocacy comments and amicus briefs

- Percentage of survey respondents finding the FTC’s advocacy comments to be “useful.” (Outcome measure)

The indicator helps assess the effect of competition advocacy comments based on survey respondents’ feedback.

- » FY 2014: 100.0%
- » FY 2013: 100.0%
- » FY 2012: 83.3%
- » FY 2011: 100.0%
- » FY 2010: 100.0%

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Organize and/or participate in public conferences, workshops, and hearings to enhance the FTC’s understanding of various practices and developments relevant to competition in the marketplace.
- Encourage business and consumer participation in these conferences, workshops, and hearings, and continue to make related materials, including transcripts, written submissions, and reports accessible to the public.
- Seek local, state, and federal government advocacy opportunities to encourage adoption of policies that maximize competition and consumer welfare by consideration of both the costs and benefits for consumers.
- Identify opportunities to expand the use of explanatory public statements to further improve the public’s understanding of the FTC’s decision-making process when the agency elects not to take enforcement action in key matters.

Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.

Goal Leaders: Director, Office of International Affairs; Director, Bureau of Competition; Director, Bureau of Economics

The FTC continues to build cooperative relationships with domestic and foreign anti-trust agencies to ensure close collaboration on cases and convergence toward sound competition policies.

On the domestic front, the FTC seeks to collaborate with other agencies and the state attorneys general to obtain the best results and maximize the use of limited resources in the enforcement of the U.S. antitrust laws.

With its foreign partners, the FTC seeks to effectively coordinate reviews of multijurisdictional matters, including by achieving consistent outcomes in cases raising anti-competitive concerns. Participation in multilateral competition organizations provides valuable opportunities to promote international cooperation and convergence and for competition officials to share insights on law enforcement and policy initiatives.

Cooperation with competition agencies of other jurisdictions is a key component to an effective FTC competition enforcement program. With over 120 antitrust enforcers worldwide, it is critical that everyone work together to ensure that the international competition law system functions coherently and effectively. To accomplish this, the FTC builds strong bilateral relations with foreign counterparts and takes a lead role in multilateral fora to promote case enforcement cooperation and convergence toward sound competition policies.

The FTC provides technical assistance to newer competition agencies in foreign countries to help enhance their ability to achieve sound competition outcomes in enforcement and policy-making. This technical assistance helps protect U.S. interests by encouraging systems that apply standards to transactions and conduct affecting the global marketplace that are consistent with U.S. and worldwide best practices. The agency also provides policy advice through substantive consultations and written comments on areas of mutual concern.

Strategies

- Work more extensively within the U.S. government inter-agency process and with other domestic government entities to support the FTC's efforts to promote market-based competition and policy convergence.

- Broaden and deepen our cooperation with foreign competition agencies on anti-trust matters that are subject to concurrent review to improve the effectiveness of investigations and promote consistent outcomes.
- Promote policy convergence toward sound and effective antitrust enforcement internationally by working with a greater number of foreign competition agencies, including bilaterally through substantive consultations, written comments, and the provision of technical advice, and, multilaterally, by taking leadership roles in multilateral and regional organizations. Provide technical assistance to countries that are establishing competition regimes. Provide selected foreign officials with an opportunity to work alongside FTC attorneys, economists, and investigators to enhance their capacity to develop and implement sound competition policy and enforcement.

FY 2014 Progress Update for Strategic Objective

Progress made

To promote and protect free and vigorous competition, the FTC continues to build and strengthen relationships with competition agencies internationally and to work through multilateral fora and with domestic partners to promote convergence toward sound competition enforcement and policy. Progress made in FY 2014 included the following:

- *International Competition Network (ICN)* - The agency was selected as a Steering Group member for the 2013-2015 term, co-chaired the Agency Effectiveness Working Group, leading its multi-year project on competition agency investigative process, was an active member of the drafting teams for two of the ICN's most high-profile convergence efforts resulting in ICN Recommended Practices for Predatory Pricing Analysis Pursuant to Unilateral Conduct Laws and on Competition Assessment, and led the development of the ICN's comprehensive curriculum of training materials to serve as a virtual university on competition law and practice.
- *Multilateral Fora* - The agency continued its active participation and leadership in the Inter-American Competition Alliance, OECD, UNCTAD and APEC, to promote cooperation and convergence. For example, the agency played a key role in developing the OECD Competition Committee's long-term project on international cooperation and was one of the lead drafters of the recently adopted OECD Recommendation on international cooperation in competition cases.
- *Improving Cooperation in Merger and Unilateral Conduct Matters* - The U.S. entered into an antitrust cooperation agreement with Colombia and issued Best Practices on cooperation in merger investigations with the Canadian Competition Bureau.
- *Working Groups and Workshops* - The agency continued its working groups with the European Commission to discuss substantive and procedural issues that arise in

merger and unilateral conduct investigations and its series of informal workshops with staff from the Canadian Competition Bureau to share merger enforcement techniques and experience, and met with a host of bilateral partners.

- *Relations with Newer Agencies* - The agency expanded its USAID funded technical assistance program in Africa to include hands-on training of COMESA members and to provide additional training through a series of video-conference programs; consulted with drafters of the Philippines competition laws to bring the drafts into greater harmony with international best practice; and worked with the Chinese and Indian authorities to cooperate and consult on individual matters and conduct high level and staff meetings throughout the fiscal year, including hands-on training programs. In particular, the agency addressed challenges posed by enforcement of the Chinese Anti-Monopoly Law (AML) through dialogue with the Chinese AML agencies and government and consultation with U.S. stakeholders and other involved U.S. agencies.
- *Working within the U.S. government* - The agency also worked with other U.S. colleagues in intergovernmental fora that address competition issues, e.g., on OECD accession and competitive neutrality issues, and as members of the Trans Pacific Partnership and Trans-Atlantic Trade and Investment Partnership negotiating teams.


Challenges or barriers

The FTC international competition work is a long-term initiative that can be affected by events and broader interactions between the U.S. and other countries outside of its control. For example, political turmoil in Egypt, Pakistan, and the Ukraine has made it more difficult to continue our efforts to build the capacity of the competition authorities in these jurisdictions.

Performance Goals

- Performance Goal 2.3.1 Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes. (Output measure)
- Performance Goal 2.3.2 Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or governments, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC. (Output measure)

The first performance goal tracks the number of cases in which foreign antitrust authorities followed consistent analytical approaches and reached compatible outcomes as a percentage of the total number of cases in which the FTC's cooperation involved at least one substantive contact. The second performance goal will track policy advice and technical assistance the FTC provides to foreign competition agencies through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, comments, or hosting of international fellows and interns.

	Key Performance Goal 2.3.1		
	Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes. (Output measure)		
2016	Target	95.0%	TARGET MET/EXCEEDED In FY 2014, the FTC had 63 substantive contacts in 37 enforcement matters with counterpart agencies around the world including Australia, Brazil, Canada, China, the European Union, France, Germany, Japan, Korea, Mexico, Russia, and the United Kingdom. Those agencies reached compatible outcomes in all of the cases that were completed within the fiscal year. While the FTC will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as new antitrust agencies begin to assert their jurisdiction.
2015	Target	95.0%	
2014	Target	95.0%	
	Actual	100.0%	
2013	Target	90.0%	
	Actual	100.0%	
2012	Target	90.0%	
	Actual	100.0%	
2011	Target	90.0%	
	Actual	100.0%	
2010	Target	90.0%	
	Actual	100.0%	

Performance Goal 2.3.2

Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or governments, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC. (Output measure)*

Year	Measure	Value	Notes
2016	Target	120	<p>TARGET MET/EXCEEDED</p> <p>In FY 2014, the FTC provided policy advice to foreign competition agencies in 128 instances through consultations, written submissions, or comments. The FTC’s policy advice remains highly regarded and sought after by new and more experienced competition agencies and by participants in international competition organizations and conferences. Also in FY 2014, the agency conducted 27 technical assistance missions and hosted six officials as part of our International Fellows Program. Fourteen of the technical assistance missions and one International Fellow was funded through the U.S. Agency for International Development, the Department of State, or the host agency.</p> <p>*Previously tracked as two separate performance measures – policy advice provided and technical assistance provided - these two performance measures were combined into a single performance goal starting in FY 2014.</p>
2015	Target	120	
2014	Target	120	
	Actual	161	
2013	Target	70	
	Actual	134	
2012	Target	70	
	Actual	173	
2011	Target	50	
	Actual	139	
2010	Target	50	
	Actual	136	

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Support the Bureau of Competition’s enforcement by providing effective assistance with the international aspects of its investigations and litigation.
- Maintain the FTC’s leadership role in the International Competition Network (ICN), by participating in the Steering Group and in the ICN’s work on agency effectiveness, unilateral conduct, mergers, investigative process, and the online curriculum project.
- Enhance the FTC’s participation in other multilateral and regional fora, including the OECD, UNCTAD, and APEC.
- Advance cooperation and convergence with foreign competition agencies by improving cooperation in merger matters and on anticompetitive conduct policy and enforcement, including developing new tools for cooperation and leadership on multilateral initiatives.

- Strengthen relations with the Chinese and Indian competition agencies through dialogue on policy initiatives and case cooperation as appropriate, and the provision of technical assistance.
- Work with other U.S. agencies in bilateral settings and intergovernmental fora that address competition issues, including members of the China interagency team and the Trans Pacific Partnership and Trans-Atlantic Trade and Investment Partnership negotiating teams.
- Continue the FTC's robust international competition technical assistance program for newer competition agencies.
- Further develop the International Fellows and staff exchange programs.

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Strategic Goal 3: Advance Organizational Performance

The FTC believes that advancing organizational performance at all levels creates a strong foundation for overall mission success. The agency's work in Strategic Goal 3 highlights ongoing efforts to advance organizational performance and, thereby, enhance the agency's ability to focus on protecting consumers and maintaining competition.

Goal 3 is inherently collaborative, and primarily encompasses key management areas in the FTC: human capital, infrastructure and security, information technology resources, finance and acquisition, and equality of opportunity in employment. These efforts foster leadership and accountability across the agency and establish a culture of customer service, constituent responsiveness, and effective planning, administration, and management. Employees at all levels are expected to show leadership in their areas of responsibility by exhibiting a willingness to develop and coach others, a commitment to teamwork, and a drive to find innovative solutions.

Evaluations and Research

- The agency rigorously reviews its management functions.
- The FTC's financial statements are audited annually, which encompasses a thorough overview of the agency's financial position and various transactions throughout the fiscal year.
- The FTC performs targeted reviews of internal controls. The areas targeted for review are determined by several factors, including risk assessment, management input, prior audits and reviews results, and the external (regulatory) environment. Management evaluates the results from the internal control reviews to determine what processes should be modified to strengthen controls and/or improve efficiency.
- With respect to the information technology and privacy arena, annual FISMA reviews are conducted, and the agency reviews and acts on any areas that need improvement.
- In the area of human capital, the FTC regularly reviews and acts on the results of the Office of Personnel Management's Annual Federal Employee Viewpoint Survey. Several areas that OPM periodically examines include a Human Capital Management Evaluation, a Delegated Examining Unit Examination, and Performance Assessments of General Schedule and Senior Executive Service Performance Management Systems. Additionally, the Equal Employment

Opportunity Commission (EEOC) performs technical assistance visits or program reviews. In FY 2014, EEOC conducted a technical assistant visit.

In addition, the FTC looks to outside groups, such as the Office of the Inspector General, for independent reviews of its activities.

Objective 3.1: Optimize resource management and infrastructure.

Goal Leaders: Executive Director, Office of the Executive Director; General Counsel, Office of the General Counsel

The creation, modernization, and maintenance of physical, financial and information resources and infrastructure not only provides for a safe, secure, and efficient workplace but also helps the agency to achieve its mission and respond to, and anticipate, future agency needs.

These efforts span several FTC offices and functions. For example, the agency's Continuity of Operations Plan (COOP) ensures that the agency can respond to, and recover from, an emergency situation effectively. The FTC is also committed to effective and efficient management of information resources, and is transitioning to managing most information resources electronically, for example, by developing and implementing a web-based system for public filings in all FTC administrative litigation proceedings. This transition will enable staff to perform work more efficiently, facilitate public access, and protect sensitive information from inappropriate access.

Ensuring the FTC has an effective and secure information technology infrastructure is essential to meeting the Commission's strategic goals. The Office of the Chief Information Officer delivers value by identifying and providing a host of critical high quality, low-risk information technology (IT) services that are agile enough to meet the agency's business needs.

The FTC believes in the importance of accountability and transparency, as shown through resource stewardship and financial oversight activities. The work in this area covers a wide range of administrative and operational efforts, such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with financial management laws and regulations.

This transparency is also evident in the FTC's work to improve internet access to public agency documents. With respect to public documents newly approved or authorized by the Commission, the FTC will continue to post text-searchable electronic versions on the public FTC website in conjunction with applicable news releases. As resource levels

permit, the agency will also continue to post public documents generated prior to the establishment of the FTC's website in 1996.

Strategies

- Improve the effectiveness and efficiency of financial management operations. Over the next five years, the FTC plans to fully integrate its procurement and core financial systems. This complete financial management system will strengthen the agency's internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.
- Improve agency IT services by building redundancy into the FTC's IT infrastructure to support vital services, creating virtual computing environments to consolidate the management and utilization of IT resources, and investing in new technologies to further support the FTC's mission.
- Transition to electronic information resource management by: (1) Developing an agency-wide information governance policy that provides enterprise-level standards for file structures for organizing information, mandatory and optional metadata (searchable information about the document), document naming conventions, access restrictions, and retention rules and triggers. (2) Implementing an Enterprise Content Management System (ECMS) that staff will use to draft, collaborate on, and finalize work, including consumer protection and competition case filings. The ECMS will enable us to maintain agency records in a secure electronic format for the required retention period and to transfer permanent agency records to the National Archives and Records Administration (NARA).
- Reduction of the agency's energy consumption and promotion of recycling of materials and equipment. Improvements that yield the greatest benefit relative to cost will be incorporated into the development of a new performance indicator.

FY 2014 Progress Update for Strategic Objective

Progress made

- *Consolidated satellite offices into the Constitution Center* – The FTC completed a project that began in 2008 as it prepared for the 2012 lease expiration at its facility at 601 New Jersey Avenue in Washington, D.C. The FTC worked closely with the General Services Administration (GSA) developing a program of requirements that met the prospectus model required by Congress. The FTC also began working with the Office of Management and Budget to develop the funding requirements over several fiscal years to support the build out and furnishing of the replacement facility. In 2012, GSA selected the site at Constitution Center for the FTC offices. Work began immediately to inform staff of the decision and develop cross-functional teams to ensure the design met the needs of the FTC Bureaus.

Architects provided design options to the cross functional-teams for approval, and construction began in the fall of 2013. Through this collaborative effort, the FTC ultimately reduced its footprint by consolidating its employees in the D.C. area from three locations to two. The FTC's Administrative Services Office coordinated this initiative and continued to work closely with staff and leadership at all levels throughout the agency to ensure a smooth transition. A project integrator assisted the agency during the consolidation to help ensure compliance with Federal statutes and regulations; track and assess costs, expenditures, budget, procurements, schedule, performance and risk; and maintain a complete record of the project. Success was measured by the safe and timely transition of slightly more than 800 employees by June of 2014 without undue interruption to the agency's work and by keeping the overall cost of the move below budget.

- *Transition to digital records management –*
 - » As part of the agency's transition to electronic record keeping, the Records and Filings Office (RFO) issued guidance in 2013 to agency staff that federal records – including email records – can be stored on shared drives as part of a matter's file. This is consistent with the agency's business process and with guidance issued by the NARA.
 - » In FY 2014, RFO deployed a universal search function in the FTC's Electronic Document Management System (Documentum) that allows staff to search the two major repositories in the system at the same time. The universal search function enables staff to find relevant agency documents more efficiently.
 - » As part of its overall IT modernization effort, in FY 2014 the FTC began development of its strategic plan to transition to an ECMS. As part of its continued work to develop agency-wide information governance, RFO worked with the Bureaus to develop a master file plan template that will support efficient management of electronic information.
 - » Parties to the FTC administrative litigation proceedings now file virtually all public filings electronically using the FTC's web based E-Filing system. In FY 2014, RFO began work to enhance the E-Filing system to include electronic service of public filings and an electronic docket of public filings, as well as expand the system to include non-public filings. These enhancements will enable the FTC to receive and maintain public and non-public records of these proceedings in electronic format to the greatest extent possible. In addition, nearly all public comments in FTC rulemakings and other proceedings that seek public comment are now filed online instead of in paper format.
 - » During this transition period, the agency continues to train and guide staff on identifying federal records (including emails), the retention and disposition of records under the agency's retention schedule, document and federal re-

cords management, protecting confidential information, and privacy and data security.

- *Upgraded the agency's mobile device platform and remote access telework portal* – In FY 2014, the FTC began the process of transitioning from the legacy BlackBerry infrastructure and mobile devices to a more robust smartphone platform. The Office of the CIO (OCIO) awarded a new contract for the purchase of iOS and Android devices and the associated voice and data services. In addition to the purchase of new devices, the OCIO purchased and began the implementation of a new cloud-based mobile device management (MDM) solution. This solution provides higher availability for the agency's mobile device infrastructure and greater flexibility in mobile device offerings for employees. Moving to a smartphone platform provides employees with a more user-friendly interface and greater options for mobile applications and productivity.
- *Launched improved internal controls tracking process* – In FY 2014, the Financial Management Office established a process to track and monitor the agency's open audit findings and recommendations from the OIG, GAO, and other sources. Using a limited-access reporting tool, Bureaus and Offices create and update action plans to address recommendations, and discuss them with senior management and the OIG on a regular basis. This regular review process strengthens the agency's internal controls and enhances transparency of operations.

Challenges or barriers

- *Deployment of a Single-Sign-On solution to support the implementation of HSPD-12* – In FY 2014, the OCIO began the development of high-level business requirements for the implementation of logical access using Personal Identification Verification (PIV) cards. The project experienced delays during FY 2014 due to resource constraints created by our move to Constitution Center. With the move completed, the OCIO is working to have resources reassigned to the logical access via PIV card project, with the goal of deploying the logical access using PIV cards solution in the second quarter of 2016.
- *Updating purchase card policy and procedures to comply with the Government Charge Card Abuse Prevention Act of 2012* – The FMO performed an internal purchase card review in FY 2014 to verify that the FTC's policy and procedures complied with the Government Charge Card Abuse Prevention Act of 2012. The review showed that management of the purchase card program could be strengthened with a detailed procedure map and improved standard operating procedures. The review also demonstrated the value in providing detailed guidance to cardholders and their respective approving officials. The FMO is working to strengthen and update the purchase card policy, procedures, and guidance which will culminate in FTC-specific training in FY 2015.

Performance Goals

- Performance Goal 3.1.1 A favorable Continuity of Operations (COOP) rating. (Output measure)
- Performance Goal 3.1.2 Availability of information technology systems. (Outcome measure)
- Performance Goal 3.1.3 Achieved a favorable (unmodified) audit opinion from the agency’s independent financial statement auditors. (Outcome measure)
- Performance Goal 3.1.4 Average number of days for the FTC to release information in response to a simple FOIA request. (Efficiency measure)

These performance goals gauge important dimensions of maintaining physical and information technology infrastructure and security. A COOP rating offers insight into agency preparedness across a wide spectrum of issues related to facility and operations management. The second performance goal will address the availability of 10 mission-critical IT systems, such as email, telecommunications, Internet access, and mobile devices. Network availability addresses the reliability of the FTC computer and communications systems. The financial statement audit determines whether our financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit also addresses internal controls and compliance with applicable laws and regulations. The fourth performance goal will track the agency’s response time in processing a simple FOIA request for access to public records.

Performance Goal 3.1.1			
A favorable Continuity of Operations (COOP) rating. (Output measure)			
2016	Target	75.0%	TARGET MET/EXCEEDED The FTC’s overall score of 85.0% for the Eagle Horizon 2014 Exercise reflects the strong overall commitment and continued support of the FTC COOP. The FTC will continue to better define its essential functions and ensure that effective procedures are in place.
2015	Target	75.0%	
2014	Target	75.0%	
	Actual	85.0%	
2013	Target	75.0%	
	Actual	85.0%	
2012	Target	75.0%	
	Actual	90.0%	
2011	Target	75.0%	
	Actual	75.0%	
2010	Target	75.0%	
	Actual	85.0%	

Performance Goal 3.1.2

Availability of information technology systems. (Outcome measure)

2016	Target	99.50%	<p>TARGET MET/EXCEEDED</p> <p>The FTC’s information technology services pool averaged 99.98% availability, exceeding the target of 99.5%. During FY 2014, the FTC completed an upgrade of network hardware components with the move to Constitution Center and the decommissioning of aging network components at 601 New Jersey Avenue. The move also allowed the OCIO to increase redundancy and improve availability for critical network operations. Additionally, the FTC improved the stability and reliability of the SAFE remote access solution for employees through the implementation of a Virtual Desktop Infrastructure and improved login capabilities.</p> <p>Note: Results for this performance measure are presented to two decimals because rounding the number materially changes the result.</p>
2015	Target	99.50%	
2014	Target	99.50%	
	Actual	99.98%	
2013	Target	99.50%	
	Actual	100.00%	
2012	Target	99.00%	
	Actual	99.86%	
2011	Target	98.50%	
	Actual	99.82%	
2010	Target	98.00%	
	Actual	99.77%	

Performance Goal 3.1.3

Achieved a favorable (unmodified) audit opinion from the agency’s independent financial statement auditors. (Outcome measure)

2016	Target	<i>Unmodified opinion on the financial statements</i>	<p>TARGET MET/EXCEEDED</p> <p>The agency received a “clean” (unmodified) opinion on its financial statements. The opinion is determined by the independent auditor’s review and test of internal controls over operations and financial reporting and the auditor’s determination that the financial statements and notes are presented fairly.</p>
2015	Target	<i>Unmodified opinion on the financial statements</i>	
2014	Target	Unmodified opinion on the financial statements	
	Actual	Unmodified opinion	
2013	Target	Unqualified opinion on the financial statements	
	Actual	Unqualified opinion	
2012	Target	Unqualified opinion on the financial statements	
	Actual	Unqualified opinion	
2011	Target	Unqualified opinion on the financial statements	
	Actual	Unqualified opinion	
2010	Target	Unqualified opinion on the financial statements	
	Actual	Unqualified opinion	

Performance Goal 3.1.4

Average number of days for the FTC to release information in response to a simple FOIA request. (Efficiency measure)*

2016	Target	6.0 days	TARGET MET/EXCEEDED In FY 2014, the FTC endeavored to process noncomplex Freedom of Information Act (FOIA) requests in less than six days. Despite an increase in the number of FOIA requests received, the FTC exceeded its goal by processing noncomplex requests within an average of 5.4 days. Also, the FTC received the highest rating for its FOIA program in the Department of Justice's (DOJ) 2014 Summary of Agency Chief FOIA Officer Reports Assessment of Federal Departments and Agencies. The report contained an overall assessment of the FTC's performance in processing FOIA requests and the steps taken to ensure the agency maintains an efficient and effective system in place for responding to requests. Due to the FTC's high ranking, DOJ invited FTC's Chief FOIA Officer to serve on a DOJ training panel to assist other federal departments and agencies. *New performance goal in FY 2014. Historical data shown for context.
2015	Target	6.0 days	
2014	Target	6.0 days	
	Actual	5.4 days	
2013	Actual	7.4 days	
2012	Actual	5.3 days	
2011	Actual	1.5 days	
2010	Actual	8.1 days	

Other Indicators

- Performance against the Small Business Administration's government-wide small business procurement goals. (Outcome measure)

Achieving the agency's small business procurement goal demonstrates that its procurements meet or exceed a major federal acquisition standard.

- » FY 2014: 45.9%
- » FY 2013: 49.5%
- » FY 2012: 57.7%
- » FY 2011: 46.3%
- » FY 2010: 58.9%

FY 2015–2016 Next Steps and Future Actions for Strategic Objective

- Evaluate COOP rating and determine support requirements.
- Continue to work with staff at all office locations to better understand their needs and be prepared to offer the services they require to support the agency mission.
- Research alternatives such as telework participation, job sharing, hoteling, and locating contractor staff off-site.
- Identify and implement business process improvements through effective use of technology to facilitate the agency's decision making processes and its management of cases.
- Promote the use of web-based e-filing of public comments in the FTC rulemakings and other proceedings that seek public comments, to facilitate public participation and web posting of comments.
- Promote the use of web-based e-filing in the FTC administrative litigation proceedings under Part 3 of the Rules of Practice, to facilitate filing by participants in those proceedings and web posting of public filings.
- Provide information and records management training and outreach to staff, with special emphasis on managing information electronically throughout its lifecycle.
- Implement an integrated financial management and procurement system. This integrated system will create efficiencies between the agency's finance, budget, and accounting groups, as well as provide data reporting capabilities not currently available. Integration will streamline the agency's financial and procurement management activities by greatly reducing time spent performing manual tracking.
- Document improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.
- Continue to implement a new travel management system in accordance with GSA's electronic travel system initiative (ETS2). The FTC went live with the new system in early FY 2015.
- Migrate to cloud-based solutions for core IT services, such as email, to ensure high availability and decreased risk of system failure.
- Upgrade mobile devices and remote access services to improve user experience and accessibility and increase reliability.
- Continue building redundancy in the IT infrastructure through alternate and secondary data processing to allow high availability in the event of a failure or shutdown of the main data center.

- Execute periodic life-cycle replacements of infrastructure hardware and operating systems to prevent system failure and decrease security risk.
- Develop and implement a comprehensive strategic and modernization roadmap to steer the FTC's efforts to improve and optimize the FTC infrastructure.
- Launch a new e-Discovery support system that will allow the FTC to streamline its e-Discovery processes and meet requirements set by the Federal Rules of Civil Procedure.
- Develop and deploy enhancements to the web-based system for filings in the FTC administrative litigation proceedings, in order to receive and maintain public and non-public records of such proceedings in electronic format to the greatest extent possible.
- Continue to develop an agency-wide information governance policy to support efficient management of electronic information with appropriate access restrictions.
- Continue work to implement an ECMS that will enable the FTC to maintain and transfer records to NARA in a secure electronic format.

Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.

Goal Leaders: Executive Director, Office of the Executive Director; Director, Bureau of Consumer Protection; Director, Bureau of Competition; Director, Bureau of Economics; General Counsel, Office of General Counsel

This objective encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction. The FTC uses an integrated approach to link human capital programs and policies to agency mission, goals, and strategies and to provide continuous improvement in efficiency and effectiveness. The objective captures the FTC's work and ensures the presence of the right talent in the right positions at the right time to meet the challenges of the 21st century. It also captures efforts to tap into the rich resources of the global community and ensure fairness in the workplace. By attracting, developing, motivating, and retaining a high-performing, diverse, inclusive, and engaged workforce, the FTC advances organizational performance. By having a workforce that looks like and draws from the consumers it protects, the FTC strengthens its ability to meet its mission.

The FTC uses the Federal Employee Viewpoint Survey administered by OPM to measure success in this objective. The survey focuses on employees' perceptions of critical

areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission.

In addition, the FTC uses [Management Directive 715 \(MD-715\)](#), which is submitted by the agency to the U.S. Equal Employment Opportunity Commission on an annual basis. MD-715 is a tool for agencies to use to ensure that all workers are competing on a fair and level playing field and have the opportunity to achieve their fullest potential.

Strategies

- One of the key strategies to achieving this objective entails using integrated workforce planning to identify and fulfill current and future human capital needs to carry out the agency's mission and implementing programs and processes to enable us to recruit, develop, and retain a highly qualified and diverse workforce.
- The FTC strives to create an agency-wide performance culture that focuses on individual and organizational accountability toward achieving the FTC's programmatic goals and priorities. The agency also seeks to achieve this objective by providing quality training and outreach to staff.

FY 2014 Progress Update for Strategic Objective

Progress made

- Expanded the human resources flexibilities to include the Superior Qualification Appointment authority, which provides managers additional tools to attract high-performing individuals to the FTC.
- Ensured supervisors and managers were aware of their responsibilities, when using human resources flexibilities, to abide by the merit system principles and incorporate them into the FTC's management decisions. A memorandum was sent to supervisors and managers outlining their responsibilities with a link to the Administrative Manual that explains their obligations.
- Finalized the FTC's Leave Bank Program policy, which provides an additional wellness option to assist employees or employee's family members affected by a personal or family medical emergency, including pregnancy and childbirth, and other medical conditions requiring absence from work for a prolonged period.
- Improved the efficiency and user experience with the FTC's learning management system, *e-Train*. Entered into an Memorandum of Understanding (MOU) with OPM to make online training courses from the Human Resources University available on *e-Train* at no cost to the FTC.

- Established a Workforce Flexibility Team with membership from across the agency to create and implement a vision for future workplace initiatives.
- The FTC held its Second Annual Diversity Summit designed to educate managers and staff on the value of a diverse and engaged workforce and to develop practical and actionable strategies for creating an inclusive environment. Additionally, the FTC has contracted with a vendor to provide diversity and inclusion training to employees in FY 2015.
- Continued to rank highly in various categories of OPM's Federal Employee Viewpoint Survey. Compared to 37 other federal agencies with over 1,000 employees, the FTC ranked first place in *Results-Oriented Performance Culture* and *Leadership and Knowledge Management*, second place in *Talent Management*, and fifth place in *Job Satisfaction*.

Challenges or barriers

- The FTC faced challenges in the recruitment and retention in mission support areas and in reducing skills gaps to address emerging issues in privacy and information technology. Last winter, the agency opened a buy-out and early-out window as one means to reshape the workforce, reduce skills gaps, and recruit individuals with the right skills to meet our mission. The Voluntary Separation Incentive Payment Authority (buy-out) allows an agency to offer employees lump-sum payments as an incentive to voluntarily separate. The Voluntary Early Retirement Authority (early-out) allows an agency to temporarily lower the age and service requirements in order to increase the number of employees who are eligible for retirement. When requested by an agency and approved by the U.S. Office of Personnel Management, these workforce restructuring tools help agencies complete needed organizational change with minimal disruption to the workforce.


Performance Goals

- Performance Goal 3.2.1 FTC achieves a high ranking in the "Best Places to Work in the Federal Government." (Outcome measure)
- Performance Goal 3.2.2 The extent employees believe the FTC has the talent necessary to achieve organizational goals. (Outcome measure)
- Performance Goal 3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive. (Outcome measure)

The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human capital management to the successful accomplishment of its mission. The FTC seeks employee feedback on the extent the FTC has the right talent

in the right positions at the right time to carry out the mission and the extent the FTC makes employees feel they belong and are uniquely valued. The “Best Places to Work in the Federal Government” performance goal is a tool for ensuring that employee satisfaction is a top priority for managers and leaders. The FTC is not only measured on overall employee satisfaction, as tracked by the other two performance goals, but are scored in 10 workplace categories, such as effective leadership, employee skills/mission match, pay, teamwork and work/life balance.

Performance Goal 3.2.1			
FTC achieves a high ranking in the “Best Places to Work in the Federal Government.” (Outcome measure)*			
2016	Target	Within the top 10 of mid-size agencies	TARGET MET/EXCEEDED Compared to 25 other departments and agencies with 1,000 to 14,999 permanent employees, the FTC ranked 4th. *New performance goal in FY 2014. Historical data shown for context.
2015	Target	Within the top 10 of mid-size agencies	
2014	Target	Within the top 10 of mid-size agencies	
	Actual	Ranked 4th	
2013	Actual	Ranked 4th	
2012	Actual	Ranked 5th	

 Key Performance Goal 3.2.2 The extent employees believe the FTC has the talent necessary to achieve organizational goals. (Outcome measure)			
2016	Target	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	TARGET MET/EXCEEDED The government-wide results for Talent Management Index were 55.0% and the FTC received results of 70.0%. Compared to 37 other departments and agencies with more than 1,000 full-time employees, the FTC ranked second in Talent Management.
2015	Target	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Talent Management Index.</i>	
2014	Target	55.0%	
	Actual	70.0%	
2013	Target	56.0%	
	Actual	69.0%	
2012	Target	59.0%	
	Actual	70.0%	
2011	Target	60.0%	
	Actual	70.0%	
2010	Target	60.0%	
	Actual	72.0%	

Performance Goal 3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive. (Outcome measure)			
2016	Target	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index.</i>	TARGET MET/EXCEEDED The government-wide results for the New IQ Index were 56% and the FTC received results of 68%.
2015	Target	<i>Exceed the government-wide results on the Federal Employee Viewpoint Survey's Diversity & Inclusion – The New IQ Index.</i>	
2014	Target	56%	
	Actual	68%	

FY 2015 – 2016 Next Steps and Future Actions for Strategic Objective

- Promote and expand the use of human resources flexibilities throughout the FTC.
- Use innovative ways to reach out to managers, supervisors, and employees on human resources issues.
- Identify and implement business process improvements through effective use of technology to facilitate the FTC's human resources. For example, the agency will modernize its official personnel folders to increase efficiency in the agency's human resources operations.
- Identify and provide diversity and inclusion training to employees.

Other Information

Major Management Priorities and Challenges

FTC's management priorities are incorporated into Goal 3, Advance Organizational Performance. Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce, focuses broadly on ensuring we have the right talent in the right positions at the right time, which requires human capital development goals. A key priority is to be one of the best places to work in the federal government. Each year, the Commission partners with the Partnership for Public Service in a leadership development program. The program recognizes, as we do, the need to identify a cadre of high-performing individuals and develop their skills as our future supervisors, managers, and leaders. The program serves as an important succession planning tool to fulfill the FTC's future mission requirements – and provides an exceptional professional development opportunity for employees. As another example of this management priority, the FTC's Bureau of Consumer Protection and Bureau of Competition have focused attention on the continuous development of their employees through their mentoring programs. For at least the past five years, BCP and BC have run successful formal mentoring programs open to all BCP, BC, and regional office employees. The program creates an environment in which unique skills and perspectives that each staff member brings are recognized and valued; diversity is fostered; and excellence, innovation and risk-taking are promoted. The Mentoring Programs provide significant opportunities to build and share organizational knowledge and expertise by capitalizing on the experiences of successful individuals who are committed to the development of a high performance work force. The Bureaus continuously evaluate their mentoring programs to ensure a meaningful experience for each participant. Recently, the Office of the Executive Director began a similarly focused formal Mentoring Program that has received very positive feedback from participants. In response to cost saving initiatives, both the Bureau of Competition and the Bureau of Consumer Protection recently developed in-house training programs that, like the mentoring programs, leverage the talent and experience of the agency's existing human capital to develop appropriate programs and deliver content. The agency plans to continue these efforts in FY 2015.

The FTC and the Office of Inspector General (OIG) work collaboratively on addressing key management challenges. The following challenges are based on work conducted by the Office of Inspector General and discussions with senior leaders at the FTC. Along with a summary of these management challenges are brief assessments of the agency's progress in addressing these challenges.

Management Challenge: Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise

The Federal Trade Commission (FTC) Office of Inspector General (OIG) conducts annual Federal Information Security Management Act (FISMA) reviews, which evaluate the effectiveness of FTC information security and privacy programs. While the OIG has found the FTC to be in substantial compliance with FISMA and other applicable privacy and security requirements, the ability to protect information assets is a complex challenge for the FTC.

In an environment where technology is changing at an increasing rate, the FTC faces emerging vulnerabilities as it integrates new technologies (e.g., cloud and mobile computing) into its Information Technology (IT) infrastructure, encounters changing and pervasive threats, and is targeted by individuals incentivized to disrupt or compromise its operations. In addition, guidance for federal agencies has become more flexible, which allows agencies to tailor information protection solutions specific to their needs, but provides less direction as to what solutions are effective.

The information security and privacy environment is fluid and ever-changing, which means it will pose a constant challenge for the FTC. In addition to an ever-changing environment, the FTC experienced obstacles to its efforts to improve the information security and privacy programs when senior management turned over (the Executive Director and Chief Information Officer retired), and when the FTC consolidated its two Washington, D.C. satellite offices into one location at Constitution Center. The FTC's reactive security measures were strong during these disruptions, but heavily relied on the workforce to maintain information security and privacy programs. Developing more mature information processes will ensure that the FTC security and privacy programs continue to provide high levels of protection for FTC information assets, but with less workforce stress, greater operational consistency, and improved security.

Agency Progress in Addressing this Challenge

The OCIO and the Chief Privacy Officer (CPO) continue to work with FTC system owners and managers to ensure that information security and privacy requirements are identified, documented, communicated appropriately, and incorporated into the design and implementation of each system. System owners and managers are reminded that periodic test and evaluation of information security and privacy controls is necessary to ensure effective implementation and operation of those controls. They are also reminded that maintaining and, as necessary, updating the corresponding information security and privacy documentation (such as system security plans and Privacy Impact Assessments) is a pre-requisite to issuance and retention of the system's authorization to operate. OCIO staff, along with the Office of General Counsel staff and the CPO, continue to meet with system owners to make sure that contract language addresses information security and privacy controls and related FTC practices and procedures, including continuous monitoring, so that Contracting Officer Representatives (CORs) can manage and assist in evaluating the compliance of contractor-hosted systems and

services. As the OCIO and the CPO continue to work closely to implement and coordinate privacy controls with information security controls, as required by NIST Special Publication 800-53 rev. 4, the FTC will continue to develop and improve its risk-based assessments of information security and privacy as new technologies are integrated into the FTC infrastructure.

Related to the implementation and coordination of controls, in FY 2014 the FTC launched a process improvement initiative to track and monitor the agency's open audit findings and recommendations through a data-driven monthly review process. Management officials report on the status and progress of their items to senior management, and FMO ensures that relevant documentation is gathered and maintained in a limited-access reporting tool. This regular review process strengthens the agency's internal controls and enhances transparency of operations.

Also in FY 2014, the FTC consolidated its satellite offices into the newly renovated Constitution Center and the FTC Headquarters building. The OCIO relocated select IT services and applications previously hosted in the New Jersey and Headquarters buildings, to the Constitution Center, consolidating applications and services in proximity of the user and to provide for future expansion. The move also allowed OCIO to upgrade and replace aging infrastructure components with newer, more secure products with better performance including replacing the agency's firewall infrastructure and upgrading equipment in the OCIO's Acceptance Testing and Development environments. In FY 2015 and FY 2016, the OCIO will continue to replace and upgrade aging infrastructure equipment and operating systems to decrease risk of system failure and security vulnerabilities.

The control of IT assets during the move to Constitution Center was critical, and included the movement of desktop equipment (e.g., laptops, workstations, telephones, TVs, and computer monitors) for over 700 FTC staff, as well as all network (data center) and audio/video equipment (e.g., servers, switches, routers, storage, cameras, VTCs). The IT Asset Management Team performed a full physical inventory of all assets moved and coordinated with system administrators to decommission and dispose of assets that were deemed "end of life." In FY 2015 and FY 2016, the IT Asset Management Team will continue to refine policy and procedure, formalize reporting and statistical sampling requirements, and incorporate a variety of electronic tools to assist with mandatory inventory requirements.

In FY 2015 and FY 2016, the FTC will begin to move select core IT services to the cloud to improve service offerings and resolve outstanding security vulnerabilities. The FTC recognizes the need to improve the availability of core IT services in a secure and cost effective manner. As part of the evaluation of potential cloud service offerings, the FTC has utilized the standards set forth by the Federal Risk Authorization and Management Program (FedRAMP) to ensure the most stringent security measures are in place to protect agency data. The use of cloud services will also decrease risk of data loss and service interruption if the FTC's main data center is unavailable.

Management Challenge: Leveraging the Value of Investments and Work Performed

The FTC must make effective use of limited resources by targeting its law enforcement and education efforts to maximize its desired outcome to protect consumers and promote competition. A complex marketplace, ever-evolving fraud schemes, declining budgets, and increasing workloads require continuous reassessment of management practices in achieving that objective.

The OIG performed an evaluation of the FTC's Bureau of Consumer Protection's (BCP) enforcement and non-enforcement strategies, goals, policies and procedures. This evaluation found that the BCP's strategic planning is a best practice in comparison to other agencies the OIG examined. This evaluation also identified opportunities, including better leveraging the value of investments and work performed, that could further maximize consumer protection and enhance an already strategic and successful program. While the review only looked at the BCP, we believe that leveraging the value of investments and work performed is a challenge across the FTC.

For example, the FTC has a Management Data Dashboard (MDD) that provides financial reports and certain information on staff activity, matters management, etc. While the evolution of the MDD is headed in the right direction, the data collected is from disparate systems that are not integrated to provide agency leaders with a broad perspective on the status of their operations. Integrated data on costs would better equip agency leadership to plan and monitor its work. When data management systems are not integrated and compatible, excessive use of resources and inconsistent analysis of program results can occur. In order to make informed decisions and ensure accountability, the FTC needs data management systems that can generate timely, accurate, and useful information.

Agency Progress in Addressing the Challenge

Given the breadth of the agency's jurisdiction, it is essential for the FTC to target its enforcement and education efforts to achieve the agency's goals and maximize results. As the OIG noted, BCP, as an example, conducts strategic planning to identify priority areas and to focus its resources. BCP also takes steps to leverage the value of its investments and the work it performs. With respect to enforcement actions, one of BCP's largest investments is its Consumer Sentinel database of consumer complaints. BCP uses this database to help target and develop its cases. BCP is implementing several OIG recommendations from the OIG's recent evaluation to ensure that it is maximizing the value of its investment. With respect to educational efforts, BCP leverages its resources and the work it performs by partnering with other governmental and non-governmental organizations. These organizations are well placed to get the information that the FTC produces into the hands of the people or businesses that need it. For example, in the three months since the FTC launched Pass It On – its paradigm-shifting campaign to educate older Americans about fraud – organizations in all 50 states ordered 500,000 copies of the materials. These organizations include state departments of aging, individual residential centers, banks, libraries, and social services agencies – each of whom

have relationships with older consumers and can distribute the materials directly to them.

In regard to the Management Data Dashboard (MDD), the OCIO continues to work with bureaus and offices to develop MDD as the agency's management information analysis and decision support system. Since February 2012, MDD has provided increasingly more matter, staff activity and financial information, reports and dashboards to BCP, BC and BE to enable various types of operations analysis and decision making. For example, in FY 2012, MDD integrated matter information from several disparate agency matter and matter event tracking systems and provided bureau managers with a full view of many stages of a case, such as investigation, consent negotiation, court litigation, administrative adjudication, order compliance and consumer redress. MDD integrates staff hours information with matter information and enables managers to analyze resource allocation by matter, by program, by topic, by issue, etc. MDD also enables managers to receive periodic email notification of matter events such as issuance of subpoenas and Civil Investigative Demands. In FY 2013, MDD integrated official commission document information into the system, enabling bureau managers to search and retrieve commission documents based on a wealth of matter and program information, in addition to document metadata.

In FY 2014, MDD integrated FTC core financial transaction data into the system and enabled bureau managers to analyze their respective organization's status of funds and spending categories. In September 2014, MDD further integrated detailed stenographic service and litigation support cost data into the system. For example, bureau managers are able to analyze different types of costs (expert witness, court reporting, litigation support, travel, etc.) associated with a particular enforcement actions, determine the average cost of matters within a particular program, and many other analysis scenarios that leverage integrated matter, staff activity and cost data. In FY 2015, MDD will expand to provide financial reporting and analytics to FTC non-bureau offices such as OIA, OPP, and OED. The MDD team will also continue to work with the three Bureaus in FY 2015 to enhance bureau reports and dashboards to make them more intuitive and relevant to specific management decision-making.

Management Challenge: Recruitment, Retention, and Staff Size

The FTC has a productive workforce replete with high performers. While it achieves impressive accomplishments for its size, it faces challenges in recruitment and retention in mission support areas, and having enough positions (Full Time Equivalents) across the FTC to perform its mission. The FTC has managed this challenge by triaging its projects and by relying on high performing employees and contractor support. This works as a short-term solution, but it is not sustainable long-term and it comes at the cost of mission effectiveness.

The area in which the FTC most experienced this challenge in FY 2014 is the Office of the Executive Director (OED). The OED provides critical mission support services for

the FTC, including facilities, security, budget, acquisitions, human resources, information technology, and records management. When OED key positions are vacant, or when it does not have the human resources it needs to operate effectively and efficiently, the whole agency is detrimentally affected. While the FTC consistently is rated one of the best places to work in the government, the FTC has experienced difficulty recruiting and retaining highly qualified individuals in some OED positions.

Agency Progress in Addressing the Challenge

The FTC is committed to maintaining its high performance standards in protecting American consumers and remaining among the best places to work by developing strategies that address our recruitment, retention, and staff size challenges.

The FTC continues to recruit highly talented individuals into our workforce. Last winter, the agency opened a buy out and early-out window as one means to reshape the workforce, reduce skills gaps, and recruit individuals with the right skills to meet our mission. Twenty-one employees accepted our offer and left in early January. While in the short-term, the loss of these employees required the agency to triage projects or use contractor support, in the long-term the agency is hiring individuals with the skills necessary for mission accomplishment now and in the future. This phenomenon was particularly acute in the Office of the Executive Director in which half of its leadership team retired in January 2013, including the Executive Director. The new Executive Director who came on board in late summer 2013 has made it a priority to fill all key OED positions, which will be accomplished in the very near future. To retain talented staff, the agency established a workforce flexibility team in FY 2014 to create a vision for future workplace initiatives. The FTC will continue to provide family friendly benefits for employees in balancing work and life issues and annually assess employee satisfaction to meet our recruitment and retention challenges. In FY 2014, the agency undertook an analysis of the use of full-time equivalents (FTEs) that assessed high priority program requirements and funding sources available to determine if any plus up of authorized FTE could be supported. Based on this analysis, an additional ten FTE were allocated across the agency to support long-term mission accomplishment. The agency will assess and adjust this decision in FY 2015 and beyond.

Management Challenge: Ensuring Compliance with Digital Records Management Requirements

In November 2011, President Obama signed a Presidential Memorandum, *Managing Government Records*, instituting a government-wide effort to reform records management policies and practices. In August 2012, the Office of Management and Budget and the National Archives and Records Administration issued a “Managing Government Records Directive” that requires agencies to eliminate paper and use electronic record-keeping to the greatest extent possible. This Directive requires the FTC to make several transitions in its records management processes, including managing both permanent and temporary email records in an accessible electronic format by December 31, 2016.

The FTC already has begun efforts to fully comply with the OMB directive and other legal requirements regarding electronic recordkeeping. The transition to digital records management will require the FTC's continued focus in FY 2015.

Agency Progress in Addressing the Challenge

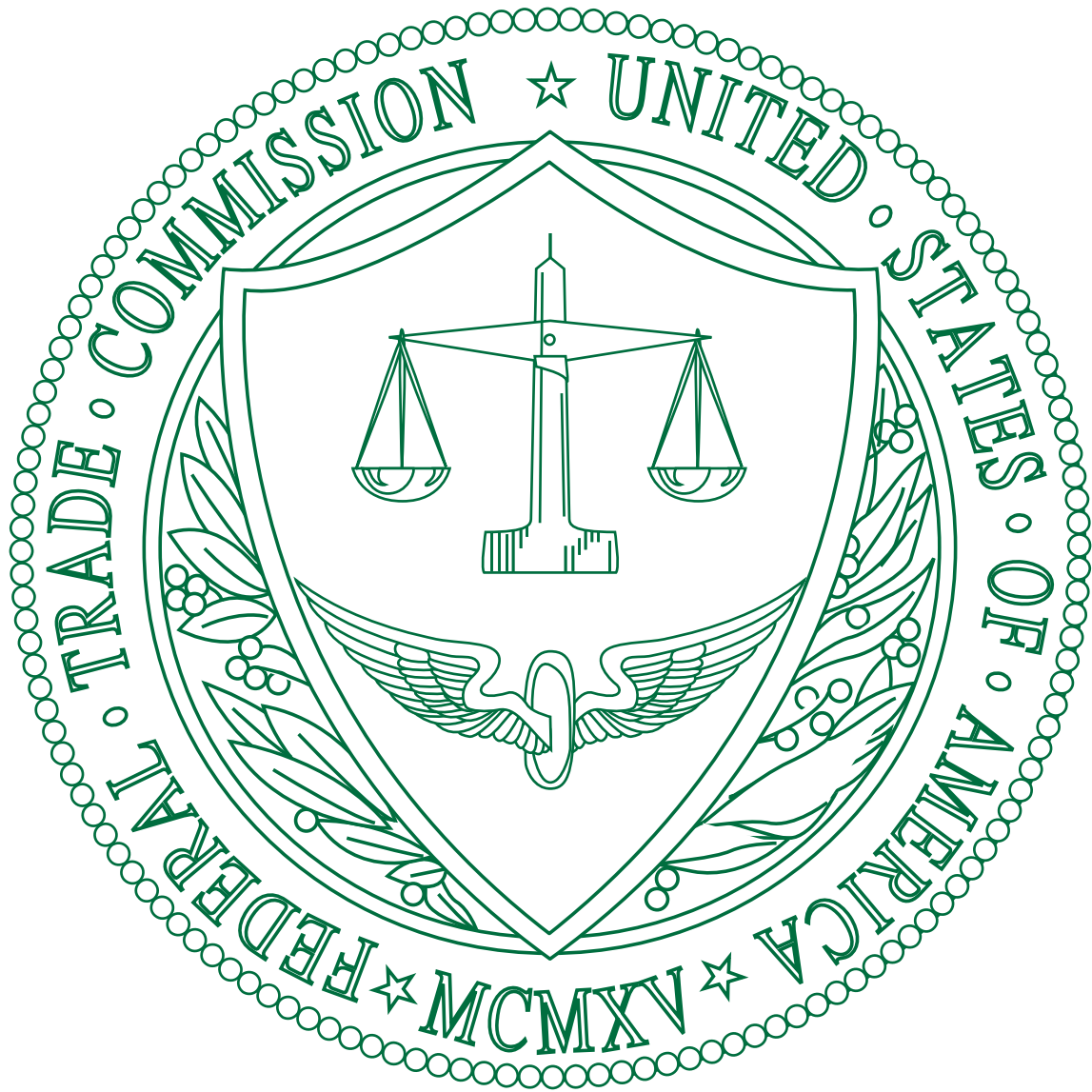
As noted above, the National Archives and Records Administration (NARA) approved a new comprehensive records retention schedule for the FTC in 2012. This new records retention schedule is media neutral and thus gives the FTC the legal authority to maintain its federal records in electronic format. The transition to maintaining agency records in electronic format is well underway. FTC staff currently store and access electronic information in shared network drives, following the FTC's Shared Network Space policy that was established in 2006. This policy establishes a high-level folder structure and enhances the ability to control access privileges to information. In 2013, FTC's Records and Filings Office (RFO) issued guidance to agency staff that federal records – including email records – can be stored on shared drives as part of the matter file. Use of shared drives to store records is consistent with the agency's business process and with NARA Bulletin 2012-02 (December 6, 2011), on "Guidance on Managing Content on Shared Drives."

As part of the transition to maintaining agency records in electronic format, the FTC continues to use our Electronic Recordkeeping Certification Review (ERCR) process to evaluate recordkeeping requirements for existing and new systems. RFO has certified two systems to house permanent electronic records – the Matter Management System 2 and the E-Filing system – for public filings in FTC administrative litigation. In FY 2015, RFO is enhancing the E-Filing system to include electronic service of filings by the parties and an electronic docket of public filings that will be accessible by the parties, as well as expanding the system to include non-public filings. These enhancements will make the FTC administrative litigation process and its official records virtually fully electronic.

FTC plans to utilize an Enterprise Content Management System (ECMS) to maintain agency records in electronic format for the required retention period and to transfer permanent agency records to NARA. RFO is working with agency stakeholders to develop information governance for FTC records. This includes taxonomy, common vocabulary, access controls, and retention triggers. FTC plans to incorporate the management of email records in the ECMS. In FY 2015, the agency will develop its strategic plan for transition to an ECMS, as part of FTC's overall IT modernization strategy.

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Descriptions



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Protecting Consumers

The FTC's goal of protecting consumers is advanced by five law enforcement functions (Privacy and Identity Protection, Financial Practices, Marketing Practices, Advertising Practices, and Enforcement) and augmented by Planning and Information, Consumer and Business Education, Economic and Consumer Policy Analysis, and Management. Staff in the FTC's seven regions also support this goal by bringing a variety of consumer protection cases and maintaining important contacts with state Attorneys General and other state and local consumer protection officials.

Budget by Activity (\$ in thousands)

	Fiscal Year 2015		Fiscal Year 2016	
	FTE	Dollars	FTE	Dollars
Privacy and Identity Protection	57	\$9,801	58	\$10,194
Financial Practices	92	15,621	92	15,951
Marketing Practices	96	16,285	97	16,804
Advertising Practices	58	9,957	58	10,175
Enforcement	54	9,304	54	9,510
Planning and Information	51	21,560	52	21,940
Consumer and Business Education	23	6,386	24	6,653
Economic and Consumer Policy Analysis	6	989	7	1,166
Management	29	5,027	30	5,318
Subtotal Direct	466	\$94,930	472	\$97,711
Support	172	70,949	175	77,332
Total	638	\$165,879	647	\$175,043

PRIVACY AND IDENTITY PROTECTION

The goal of Privacy and Identity Protection is to protect consumers' privacy, while balancing the benefits to consumers and competition from the flow of information in our marketplace economy, and to help consumers prevent, mitigate, and remediate the damage caused by theft of their identities. This program uses a mixture of law enforcement, rulemaking, consumer and business education, victims' assistance, information gathering, and industry outreach to accomplish this goal.

- **Consumer Privacy and Data Security:** Privacy and Identity Protection takes a leading role in nationwide efforts to protect consumers from unfair, deceptive, or other illegal practices involving the use and protection of consumers' personal information. A central part of this program is law enforcement under Section 5 of the FTC Act, including cases in which companies have misrepresented their policies about the use of personal information they collect from consumers or failed to take reasonable steps to protect the security of sensitive personal information in a way that causes or is likely to cause consumer harm. Another key priority is protecting the privacy of children under age 13 by enforcing the Children's Online Privacy Protection Act, which requires online (including mobile) sites and services that collect personal information from children to provide parents with notice and get their consent. In the area of financial privacy, the FTC enforces its rule implementing the privacy provisions of the Gramm-Leach-Bliley Act. The FTC also enforces its Safeguards Rule, which requires financial institutions to implement reasonable administrative, technical, and physical safeguards to protect customer records and information. In addition to its enforcement efforts, the FTC has promoted transparency and informed consumer choice about companies' privacy practices and continued to encourage the development of effective self-regulatory approaches in this area. The FTC has issued reports and hosted workshops on general privacy, mobile privacy, comprehensive data collection, and new technologies such as facial recognition.
- **Accuracy and Privacy of Credit Information:** Privacy and Identity Protection works to ensure the accuracy and privacy of consumer information used to screen applicants for loans, jobs, insurance, and other benefits. Privacy and Identity Protection enforces the Fair Credit Reporting Act (FCRA), which holds credit bureaus and furnishers of information responsible for the accuracy of credit report information, gives consumers the right to check and correct their credit reports, limits how such information may be used, and requires reasonable procedures to ensure that such information is obtained only by entities with a permissible purpose to use it.
- **Identity Theft:** In the years since the Identity Theft and Assumption Deterrence Act of 1998 charged the FTC with developing a centralized consumer complaint, victim assistance, and education service for the public on avoiding identity theft, the FTC has become the leading source of this information for consumer assis-

tance and law enforcement training. A toll-free number and online complaint form enable consumers to report incidents of identity theft and receive information on ways to minimize their exposure to identity theft and repair the harm inflicted by this crime. The complaints are entered into the FTC's Consumer Sentinel Network, which is accessible to domestic law enforcers.

FINANCIAL PRACTICES

Financial services play an important role in the daily lives of virtually all Americans. Financial Practices promotes truthfulness and fairness in the provision of these services by entities within the FTC's jurisdiction, so that consumers can make better-informed decisions.

- **Debt Collection:** The Fair Debt Collection Practices Act prohibits deceptive, unfair, and abusive debt collection practices that can harm consumers who are unable to pay their debts due to job loss or other financial problems. Financial Practices uses enforcement and education to protect consumers from such harmful practices. It also conducts public workshops and makes policy recommendations on developments in the debt collection marketplace.
- **Mortgage, Credit Card, and Other Debt Relief Services:** Financial Practices targets firms that make deceptive offers to assist consumers in reducing or renegotiating secured debt, such as a mortgage or car loan, and unsecured debt, such as credit card bills. These claims mislead consumers already in financial distress as to who is providing these services, what services they will provide, and how much they charge for them. The scams vary, and include offers to provide mortgage loan modification, foreclosure relief, short sales, mortgage refinancing, debt settlement, debt negotiation, and credit counseling. Victims often find themselves in even more dire financial straits than before.
- **Payday Lending:** Many consumers who need cash quickly turn to payday loans – short-term loans with very high interest rates (i.e., 400% or more) that are generally due on the consumer's next payday after the loan is taken out. In recent years, the availability of payday loans via the Internet has markedly increased. Unfortunately, some payday lending operations or online lead generators have employed deception and other illegal conduct to take advantage of financially distressed consumers seeking these loans.
- **Motor Vehicle Sales, Financing, and Leasing:** For most consumers, the purchase of a car or truck is their most expensive financial transaction, other than the cost of housing. Financial Practices leads the FTC's regulatory and law enforcement efforts with respect to the practices of motor vehicle dealers, most of which were exempted from the authority of the Consumer Financial Protection Bureau by the Dodd-Frank Act.

- **Deception Relating to Other Financial Services:** Financial Practices broadly targets deception and unfairness in the marketing and provision of a diverse array of other financial products and services, such as credit repair and mortgage lending and servicing.
- **Mobile Cramming and Payments Systems:** As new mobile financial products emerge, Financial Practices is examining these developments and targeting unfair and deceptive practices in the mobile payments and m-commerce ecosystems, including cramming on mobile telephone bills.

MARKETING PRACTICES

Marketing Practices fights frauds that target financially distressed consumers, protects consumers using the Internet, mobile devices and all new technologies, spearheads the FTC's efforts to fight spam, unsolicited text messages and violations of the Do Not Call and Robocall Rules, attacks telemarketing and online frauds, pursues gatekeepers such as lead generators, and enforces the Commission's rules that protect purchasers of franchises and business opportunities, funeral services, and certain products with warranties.

- **Economic Fraud:** Marketing Practices litigates against frauds affecting the poor and under-served communities, such as deceptive offers of health insurance or income opportunities through jobs, investment, government grants, or other scams. Marketing Practices also focuses on frauds that may prey disproportionately on other communities, such as sham charitable fundraisers, and illegal lottery and prize promotions that tend to target older consumers. Marketing Practices actively engages legal services organizations, grass root organizations and other partners to solicit information for targeting and maximize outreach efforts to all communities.
- **Telemarketing Fraud:** Marketing Practices enforces the Telemarketing Sales Rule (TSR), and uses Section 5 of the FTC Act to halt deceptive telemarketing schemes. Working closely with the state Attorneys General, other federal law enforcers, and private sector partners, Marketing Practices targets areas for law enforcement, organizes enforcement sweeps, and helps publicize consumer and business education to reduce telemarketing fraud. Marketing Practices proposed amendments to the TSR to strengthen its anti-fraud protections, to keep up with market and technological changes, and to clarify provisions. Do Not Call: Marketing Practices developed the FTC's Do Not Call amendments to the TSR, including amendments relating to prerecorded calls ("robocalls"), and leads the enforcement, compliance, and education efforts to implement these amendments. It also stimulated the market into developing robocall blocking solutions for consumers through the agency's first public contest under the America COMPETES (Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science) Act of 2007.

- **Internet Fraud:** Marketing Practices leads the FTC’s law enforcement efforts to prevent and halt online fraud, including spyware and malware. The core of this activity rests on staff initiatives to keep pace with the latest Internet schemes, as well as undercover surveillance and rapid law enforcement response when fraudulent and unfair schemes are detected.
- **Gatekeepers:** Marketing Practices targets law enforcement against third-party entities that facilitate fraud, such as lead generators, voice blasters that assist illegal robocallers, and payment processors that participate in fraudulent merchants’ schemes by providing access to the banking or credit card systems.
- **Rule Enforcement:** Marketing Practices enforces the FTC’s Franchise Rule, and the amended Business Opportunity Rule which requires a streamlined disclosure document covering business opportunities. Marketing Practices also is responsible for enforcement of the Magnusson-Moss Warranty Act relating to warranties, and it coordinates the agency’s enforcement of the Funeral Rule.

ADVERTISING PRACTICES

Advertising Practices enforces the nation’s “truth-in-advertising” laws and, through reports, advocacy, and industry outreach, articulates the FTC’s policies on the regulation of advertising, including marketing to children. Whether ads appear online, on television, radio, in newspapers or magazines, or through word-of-mouth, these laws require companies to tell the truth and to back up their claims with reliable, objective evidence. Advertising Practices uses a variety of tools to protect consumers from misleading claims, including bringing law enforcement actions in federal and administrative courts, providing guidance to industries, advocating effective self-regulation by the advertising industry and better ad screening by the media, and providing consumer and business education. Working to protect consumers’ health, safety, and economic interests, these efforts span a broad range of products and practices.

- **Advertising for Foods, Over-the-Counter Drugs, Dietary Supplements, and Medical Devices:** Advertising Practices devotes substantial resources to ensuring the accuracy of health claims in advertising and takes action against companies making deceptive representations. In addition to traditional law enforcement actions, the FTC creates education materials to help companies understand the need for adequate substantiation and information to help consumers, including the elderly and other vulnerable populations, spot deceptive claims.
- **Health Care and Weight Loss:** Each year consumers spend billions of dollars purchasing pills, potions, and therapies to treat and prevent serious diseases such as cancer and diabetes, and to achieve weight loss. Advertising Practices works with other federal agencies and partners to combat misleading claims by providers of these products and services by sending warning letters targeting the scams “du jour” and bringing law enforcement actions. Other activities include conducting

consumer education campaigns to assist consumers in avoiding fraudulent health care and weight loss products.

- **Endorsements, Search Results, and Native Advertising:** Advertising Practices enforces the basic principles, incorporated in the FTC’s Endorsement Guides, that endorsements must be truthful and cannot be misleading, and that material connections between advertisers and endorsers should be disclosed. Based on the idea that consumers have a right to know when they are receiving a sales pitch, this principle similarly applies to social media marketing (including consumer-generated content), paid search results, and “native advertising,” the practice of blending advertisements with news, entertainment, and other editorial content in digital media.
- **Pricing:** As a natural outgrowth of our Endorsement Guide update in 2009, Dot Com Disclosures update in 2013, and marketplace trends, Advertising Practices also has prioritized a review of inadequate price disclosures. For example, Advertising Practices has sent letters to a number of hotels and online ticket agencies warning that they may violate the law by providing a deceptively low estimate (known as “drip pricing”) of what consumers can expect to pay for their hotel rooms.
- **Tobacco and Alcohol Advertising:** Advertising Practices leads the FTC’s efforts to stop the deceptive or unfair marketing of tobacco and alcohol, administers federal laws governing the rotation of health warnings on ads and packaging for cigarettes, and publishes annual reports on cigarette and smokeless tobacco advertising and marketing. The FTC is coordinating with FDA as FDA assumes some tobacco-related responsibilities pursuant to the Family Smoking Prevention and Tobacco Control Act. Advertising Practices also monitors self-regulation of the alcohol advertising industry, encourages improved standards and compliance, and periodically reports to Congress and the public on this issue.
- **Contact Lens Rule Enforcement:** Advertising Practices actively enforces the Contact Lens Rule, which requires that contact lens prescribers (optometrists and ophthalmologists) provide patients with a copy of their prescriptions at the completion of a lens fitting. The Rule also prohibits lens sellers from providing lenses to customers without first verifying prescription information. Advertising Practices has brought a number of cases enforcing the Rule, and also engages in ongoing business education.

ENFORCEMENT

Enforcement litigates civil contempt and civil penalty actions to enforce federal court injunctions and administrative orders in consumer protection cases; coordinates actions with criminal law enforcement agencies through its Criminal Liaison Unit; develops, reviews, and enforces a variety of consumer protection rules and guides; administers

the Bureau's green marketing program; coordinates the negative option initiative; and handles bankruptcy and collection matters in consumer protection cases.

- **Order Enforcement:** Enforcement is responsible for ensuring compliance with all administrative and federal court orders entered in FTC consumer protection cases. To carry out this mission, Enforcement actively monitors compliance with consumer protection orders, conducts investigations of possible order violations, litigates civil contempt actions in federal court to enforce injunctions, and initiates court actions to obtain civil penalties for administrative order violations.
- **Criminal Liaison Unit:** The Criminal Liaison Unit (CLU) encourages criminal prosecution of those responsible for consumer fraud by identifying fraudulent activities, bringing them to the attention of criminal law enforcement authorities, and coordinating civil and criminal enforcement actions. CLU works closely with prosecutors, criminal investigative agents, and FTC staff to ensure the smooth progress of parallel prosecutions. In addition to identifying and referring specific fraudulent activity, CLU also educates criminal law enforcement authorities about the FTC and its mission, and provides legal and practical advice to FTC staff.
- **Rules and Guides:** Enforcement develops, reviews, and enforces a variety of consumer protection rules and guides. For example, in the energy arena, Enforcement is responsible for rules requiring the disclosure of operating costs of home appliances (the Appliance Labeling Rule), octane ratings for gasoline (the Fuel Rating Rule), and the efficiency rating of home insulation (the R-Value Rule). Enforcement also has responsibility for rules and guides as diverse as the Mail or Telephone Order Merchandise Rule, which requires companies to ship goods when promised; the Textile, Wool, Fur, and Care Labeling Rules, which require proper origin and fiber content labeling of textile, wool, and fur products; and the Jewelry Guides, which provide guidance on the marketing of precious metals, gemstones, and pearls.
- **Green Marketing:** The FTC's Green Marketing program focuses on advertising claims that tout the environmental benefits of products and services. Enforcement administers the program by developing the Commission's Environmental Marketing Guides, litigating enforcement actions, and conducting consumer research and other studies to better understand the marketplace.
- **Negative Option Marketing:** Enforcement coordinates the Negative Option Marketing initiative that addresses deceptive practices in the use of negative option offers (i.e., any offer in which a seller interprets consumers' silence, failure to take an affirmative action to reject goods or services, or failure to cancel a sales agreement as acceptance of an offer). To accomplish this mission, Enforcement litigates civil actions against marketers that deceive consumers; hosts workshops with industry representatives, consumer groups, and members of the academic

community; and issues reports that discuss marketing trends and provide guidance to industry.

- **Bankruptcy:** Enforcement's bankruptcy/commercial law attorneys represent the Commission in federal bankruptcy court and advise staff generally on a host of bankruptcy and commercial law issues. The bankruptcy group preserves and enforces the Commission's claims for monetary relief, ensures that defendants do not use bankruptcy as a haven from law enforcement actions, and counsels staff on a wide variety of bankruptcy and commercial law issues related to monetary relief.
- **Collections:** Enforcement conducts investigations, attaches assets, and litigates contempt actions in order to collect outstanding monetary judgments obtained by the Bureau of Consumer Protection. Additionally, Enforcement coordinates collection activities with the Department of the Treasury.

PLANNING AND INFORMATION

Planning and Information develops, analyzes, and supplies information to assist in targeting law enforcement and educational efforts, measuring the impact of mission activities, and allocating resources. Planning and Information also offers litigation support, manages an Internet lab, and provides other assistance to the Bureau's law enforcement mission. Planning and Information is responsible for various efforts and activities, including:

- **Consumer Response Center:** The Consumer Response Center collects consumer complaints and inquiries received by the toll-free consumer complaint lines, 877-FTC-HELP and 877-ID-THEFT, the FTC's Internet complaint forms, and postal mail. Information from these complaints is entered into the FTC's Consumer Sentinel Network and used to target law enforcement and consumer and business education activities.
- **National Do Not Call Registry:** Planning and Information is responsible for operation and maintenance of the National Do Not Call Registry. Through this registry, consumers can elect not to receive many telephone solicitations from telemarketers. Telemarketers are required to remove any telephone numbers included in the registry from their calling lists. The registry currently has almost 218 million active telephone number registrations.
- **Consumer Sentinel Network:** The Consumer Sentinel Network is a secure website that provides more than 2,000 law enforcement partner agencies worldwide access to more than 20 million consumer fraud, identity theft, financial, and Do Not Call Registry complaints that the FTC has collected during the past five years. The site provides law enforcement access to complaints received by the FTC and

other organizations, information from the National Do Not Call Registry, a database of unsolicited commercial e-mail (spam) submitted by the public to spam@uce.gov, as well as other information useful for investigations and prosecutions.

- **Data Analysis:** Data analysts examine the complaint data included in the Consumer Sentinel Network and respond to numerous requests for information about that data. They also provide analytical support to the Bureau's law enforcement efforts and measure the impact of activities related to the FTC's mission of protecting consumers.
- **Mobile/Internet Lab:** Planning and Information has established a Mobile/Internet Lab to stay up-to-date with the technology used to defraud and mislead consumers. The Lab includes a stand-alone network connecting various desktop and mobile devices designed to replicate consumers' experiences with those devices. The Lab is essential to attorneys' and investigators' ability to use technology to detect, investigate, and capture unfair or deceptive online activity that harms consumers. The Lab also supports litigation and provides training.
- **Litigation Support:** In an age of increasingly complex technology, staff need access to the best litigation support tools that are available in order to investigate targets and marshal evidence. To fill this need, Planning and Information has a dedicated technical litigation support unit that is responsible for providing advanced technical litigation support services in the areas of data acquisition, computer forensics, document management, analytics, and presentations.
- **Forensic Accounting Support:** Planning and Information has a team of forensic accountants who assist FTC case teams during investigations and litigation against companies engaged in unfair or deceptive acts or practices. These specially trained professionals analyze financial and other records to determine whether money is available for refunds to consumers victimized by these companies.
- **Redress:** Planning and Information houses the Redress Administration Office (RAO), which is responsible for distributing millions of dollars of refunds every year to consumers obtained as a result of FTC lawsuits. The RAO works with the FTC case teams and outside contractors to determine the best and most efficient ways to reach the maximum number of consumers and distribute refunds to them.
- **Resource Management:** Planning and Information oversees the Bureau's budget and performance measurement, including strategic planning, to provide a roadmap to guide staff activities and accomplish the FTC's goals and objectives. Planning and Information also maintains the records for the Bureau, and provides administrative services.

CONSUMER AND BUSINESS EDUCATION

Consumer and Business Education gives consumers the tools they need to make informed decisions in the marketplace, and gives businesses the tools they need to comply with the law. An education component is integral to every consumer protection enforcement initiative the agency mounts. Consumer and Business Education produces bright line information that is actionable, practical, targeted and in plain language; it uses a “wholesale/retail” strategy to get its information out to a much broader audience than its budget would suggest, using a variety of cost-effective communication tactics to help people reduce their exposure to risks in the marketplace.

- **Consumer Interface:** Consumer and Business Education’s activities help people recognize and avoid fraud and deception, and encourage them to report their marketplace concerns to the FTC. Consumer and Business Education responds quickly to categories of complaints from the public with relevant tips on the scams they’re reporting. When consumers communicate with the FTC’s Consumer Response Center – either to seek information or to file a complaint – they are referred to education resources produced by Consumer and Business Education.
- **Communications Toolbox:** Every year, Consumer and Business Education produces hundreds of blog posts and more than 50 publications to alert consumers and businesses to their rights and responsibilities in the marketplace. These publications are distributed through an informal network of over 12,000 intermediaries, who order online – or reproduce on their own – millions of copies for their constituents each year. In addition, hundreds of thousands of consumers get timely and topical materials through email subscription services and social media sites. Many publications are produced for the web only; the consumer and business websites log more than 1.75 million unique visitors each month. Consumer and Business Education uses other formats to produce its award-winning materials and campaigns for consumers, businesses, and law enforcement, including audio (public service announcements, scripts for radio, and online read-alongs of articles), video (YouTube.com/ftcvideos), games and quizzes, tutorials, bookmarks, posters, wallet cards, bookmarks, and infographics, to name a few. Consumer and Business Education also provides its information to thousands of broadcast, print, and online media outlets, as well as to blogs and social networking sites. All information is produced in English and Spanish, and several publications are produced in Arabic, Chinese, Korean, Haitian Creole, Tagalog, and Vietnamese.
- **Diverse Audiences:** Consumer and Business Education focuses on reaching key audiences including communities of color, immigrants, people in financial distress, older people, people with low levels of literacy, the military community, kids, teens and their parents, law enforcement at the state and local level, legal services attorneys, and advertisers, marketers, and the private bar. The information covers a wide range of subjects including health and safety, identity theft, mobile and rapidly changing technologies, green advertising, negative option marketing,

sweepstakes, prize promotion, lottery fraud, telemarketing fraud, Do Not Call, affiliate marketing, immigration services fraud, credit and financial issues, debt collection, home and vehicle financing, and privacy and data security.

- **Special Initiatives:** Consumer and Business Education manages several special initiatives that speak to some of today's most compelling consumer protection issues.
 - » Pass It On, a fraud prevention project for older people launched in summer 2014 features resources to help older people start conversations about six fraud issues that affect them most. The campaign encourages people with long and vast life experience to pass on what they know to others.
 - » Consumer.gov, a campaign that features consumer protection basics, used by legal services organizations, ESL teachers and others to promote basic financial literacy.
 - » OngoardOnline.gov, a website from 17 federal partners with information to help people guard against Internet fraud, secure their computers, and protect their personal information.
 - » Identity Theft, a one-stop national resource at ftc.gov/idtheft with information to help people protect their identity and deal with the consequences of identity theft. The site includes specific information for parents, service members, and law enforcement, as well as an outreach toolkit for community organizations.
 - » Admongo.gov, a website to help kids develop critical thinking skills and apply them to advertising messages. The advertising literacy campaign includes a curriculum tied to 5th and 6th grade standards of learning in language arts and social studies, a game-based website and family activities.
 - » National Consumer Protection Week, an annual effort to help local jurisdictions highlight consumer education efforts dealing with modern day takes on traditional snake oil. The FTC's partners in this effort include AARP, Council of Better Business Bureaus, Federal Citizen Information Center, National Association of Attorneys General, National Consumers League, US Postal Service and US Postal Inspection Service, and many local consumer agency administrators.
 - » Military Consumer Protection Day (military.ncpw.gov), addressing the unique challenges of military life often make military families targets for scammers. This site offers information to help empower military and veteran communities with information as a defense against consumer fraud. DoD, CFPB, and Military Saves are among the many federal and state agencies, consumer advocacy organizations, and military support groups that partner in this effort.

- » The BCP Business Center: Your Link to the Law, at business.ftc.gov, offers practical guidance to businesses on advertising, telemarketing, data security, consumer privacy, and credit. The site gives attorneys and marketing professionals the latest in law enforcement, easy access to statutes and rules enforced by the FTC and key compliance documents to make it easier for them to understand and meet their legal obligations. The site features video, online tutorials, the Business Center Blog, and other innovative media.

Consumer and Business Education also participates on a number of inter-agency task forces and working groups, and works very closely with other government agencies to minimize duplication of efforts, ensure consistency in messaging, and maximize efficiency and reach.

ECONOMIC AND CONSUMER POLICY ANALYSIS

Economic and Consumer Policy Analysis supports economic projects and advocacy activities that foster understanding of consumer good markets and consumer protection policy choices. They also work to ensure that consumer interests are represented before various governmental and self-regulatory bodies dealing with consumer-related issues.

- **Consumer Research and Data Development:** To advance the development of sound marketing policy, Economic and Consumer Policy Analysis supports data and research projects analyzing how marketing claims and policies affect consumers' and firms' decisions. Past studies examined the effects of different types of disclosures on consumer understanding of advertising claims for foods and dietary supplements and the nature of food advertising to children.
- **Economic Studies of Markets for Consumer Goods and Services:** Economic and Consumer Policy Analysis supports targeted economic studies of issues in consumer goods markets that are important to improving our understanding of key consumer protection issues. Recent examples include studies of consumer understanding of proposed Real Estate Settlement Procedures Act (RESPA) mortgage disclosure forms, of the debt buyers industry, and of credit reporting accuracy. The program also supports consumer surveys, such as those measuring the incidence of fraud, and workshops with outside experts in relevant areas, such as research roundtables on drip pricing, developments in the consumer mortgage market, and in behavioral economics.
- **Economic Support of Consumer Protection Advocacy:** Economic and Consumer Policy Analysis also includes support for Bureau of Economics staff to provide input for advocacy comments on issues related to consumer protection goals. In the past, they have supported comments to the FDA on food labels and direct-to-consumer prescription drug advertising. More recently, comments included those

sent to the Federal Reserve Board on rules and regulations regarding subprime loans, and to the Consumer Financial Protection Bureau and the Department of Housing and Urban Development on various changes in mortgage disclosure documents.

MANAGEMENT

The goal of protecting consumers is to identify, prevent, and stop fraud, deception, and unfair business practices in the marketplace. Under the FTC's strategic plan, resources are devoted to three broad objectives: identifying and taking action to address deceptive or unfair practices that harm consumers, providing the public with knowledge and tools to prevent harm to consumers, and collaborating with domestic and international partners to enhance consumer protection. Management is responsible for the overall management and accomplishment of these goals and objectives.

Since 1995, the Bureau of Consumer Protection has engaged in mission-wide strategic planning. The benefits have been striking; clear goals for managers and staff, coordination of efforts across the Bureau and the Regional Offices, a greater ability to target resources to confront the most serious problems, the creation of new programs to meet new challenges, and increased efficiency and productivity. In all its activities, Consumer Protection leverages its resources through private and public sector partnerships and the use of new technologies.

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Promoting Competition

The FTC seeks to promote competition by preventing anticompetitive mergers and freeing the marketplace of anticompetitive business practices. These goals are carried out through six primary law enforcement activities: Premerger Notification, Merger and Joint Venture Enforcement, Merger and Joint Venture Compliance, Nonmerger Enforcement, Nonmerger Compliance, and Antitrust Policy Analysis. In each area, staff seeks to protect consumers' interests by preventing anticompetitive conduct or mergers without interfering with legitimate business activities.

Budget by Activity (\$ in thousands)

	Fiscal Year 2015		Fiscal Year 2016	
	FTE	Dollars	FTE	Dollars
Premerger Notification	19	\$3,298	19	\$3,360
Merger and Joint Venture Enforcement	197	33,844	200	34,978
Merger and Joint Venture Compliance	11	1,910	11	1,946
Nonmerger Enforcement	136	23,415	137	24,024
Nonmerger Compliance	2	339	2	345
Antitrust Policy Analysis	7	1,151	7	1,172
Other Direct	20	3,451	20	3,515
Subtotal	392	\$67,408	396	\$69,340
Support	146	59,713	148	64,823
Total	538	\$127,121	544	\$134,163

PREMERGER NOTIFICATION

Most mergers and acquisitions (for convenience, “mergers”) are either procompetitive or competitively neutral. Mergers that are anticompetitive, however, can raise costs to consumers by millions of dollars every year, reducing the output of goods and services. Anticompetitive mergers also can significantly diminish product quality, restrict consumer choice, and inhibit innovation. To identify potentially anticompetitive mergers, the FTC relies primarily on the premerger notification program proscribed by the Hart-Scott-Rodino (HSR) Act. In addition, the FTC reviews press releases, industry research, and complaints by final or intermediate consumers and others (especially as to non-reportable mergers). To distinguish between mergers that threaten competitive markets and those likely to promote them, the FTC uses sophisticated economic analysis and thorough factual investigation.

The FTC’s Premerger Notification Program promotes competition by:

- **Assisting Businesses to Satisfy Notification Requirements:** The HSR Act requires persons meeting certain thresholds to file notifications with the FTC and the Department of Justice and to wait a prescribed period of time before consummating their transactions. This waiting period provides the antitrust enforcement agencies an opportunity to prevent a potentially anticompetitive HSR-reportable merger before it occurs. The FTC initiates a large majority of merger enforcement actions through this process.
- **Educating Parties about HSR Requirements:** The FTC’s Premerger Notification Program includes various efforts to ensure that parties to transactions understand the information that they must supply under the HSR Act. In addition to written materials, the Premerger Notification Office provides assistance to individuals and organizations subject to the HSR Act to improve the level, completeness, and accuracy of compliance.
- **Providing Rapid Initial HSR Review:** Mergers reported under the HSR Act vary tremendously in their complexity and potential anticompetitive effects. In the majority of cases, the agency can make a reasonable judgment about whether a merger has the potential to be anticompetitive within a few days of filing. To identify potentially anticompetitive transactions, the Premerger Notification Office prepares a summary description and a preliminary antitrust analysis of every transaction reported. Summaries are then reviewed by the Bureau of Competition’s litigation divisions, the Bureau of Economics, and the Merger Screening Committee – which includes participants from both Bureaus and convenes regularly to consider which matters require further action.
- **Coordinating with the Antitrust Division of the Department of Justice:** The FTC administers the HSR Program both for itself and for the Antitrust Division of the Department of Justice, which shares authority to challenge anticompetitive mergers. The Premerger Notification Office provides transaction summaries to the

Antitrust Division. The Office also works with the Antitrust Division to ensure that the two agencies consistently and uniformly apply Premerger Notification Rules. Through an informal “clearance” process, the two agencies ensure that only one agency investigates and, if necessary, challenges any given transaction. Assignment to one agency or the other takes place after preliminary review of a transaction, based principally on each agency’s relative expertise in the markets potentially impacted by the proposed transaction.

- **Minimizing the Burden on Business:** The Premerger Notification Program strives to minimize the burden on filing parties while meeting the enforcement responsibilities of the FTC and the Antitrust Division. To that end, the FTC periodically develops and recommends improvements to the HSR rules and procedures, such as the implementation of electronic filing of HSR notifications.

MERGER AND JOINT VENTURE ENFORCEMENT

As noted above, anticompetitive mergers or joint ventures can harm consumers significantly by raising prices and reducing output, and by reducing price-adjusted product quality, restricting consumer choice, and inhibiting innovation. The Merger and Joint Venture Enforcement Program seeks to prevent these effects in any market in which the FTC has reason to believe a merger is likely substantially to lessen competition, including high-priority areas for consumers such as health care (including pharmaceuticals), energy, and high technology.

When a merger is challenged, the proper relief must be considered. In some instances, it is possible to craft narrowly-tailored remedies, such as a partial divestiture, which prevents injury to competition but allows the transaction to proceed overall. In other instances, avoiding anticompetitive harm cannot be accomplished without preventing or, if already consummated, undoing the merger entirely.

Determining whether a merger is anticompetitive, and identifying and obtaining appropriate relief, requires thorough investigation to answer fundamental questions. Is the merger likely to reduce actual or future competition, increase the market power of the combined firm, or lead to market dominance or a significant increase in the likelihood of collusion? Is it likely to increase barriers to entry or expansion? Merger enforcement uses a three-part process to carry out its goals:

- **Detect Potentially Anticompetitive Mergers:** As described above, a Merger Screening Committee – a committee which includes participants from both the Bureau of Competition and Economics – convenes regularly to consider which matters require further action.
- **Prevent Anticompetitive Mergers:** The most effective and cost-efficient strategy for protecting consumers against mergers that may substantially lessen competition is to prevent anticompetitive deals from occurring. The FTC does this primar-

ily by using its authority to seek injunctive relief under Section 13(b) of the Federal Trade Commission Act to block anticompetitive mergers pending an adjudicative proceeding. Often, parties wish to avoid a court proceeding and the FTC is able to obtain a consent order to address potential harm to competition. Where settlement or injunctive relief is inappropriate or unavailable (or after an injunction has been obtained), the FTC relies on its administrative process to restore competition lost as a result of a merger's consummation. Whether achieved by consent or in an administrative proceeding, the most common remedy is divestiture of assets sufficient to preserve or restore competition, although the FTC uses conduct remedies where appropriate.

- **Educate Public About Anticompetitive Transactions:** To enhance the effectiveness of the FTC's merger and joint venture enforcement activities, the agency strives to increase public awareness of the factors the FTC considers as it determines whether to take law enforcement action. The Commission uses educational publications, its decisions, and the public facts underlying FTC actions to provide companies with the information needed to evaluate the likelihood that similar transactions may be challenged. The FTC's efforts to promote transparency in its decisions include releasing guidelines and policy statements to provide guidance to businesses on complying with antitrust laws. In specific matters, the agency issues public statements, including analyses to aid public comment, complaints, and closing statements to explain why the FTC decided to challenge or not challenge a merger.

MERGER AND JOINT VENTURE COMPLIANCE

The Commission ensures that its merger and joint venture orders are well-designed, made effective in a timely fashion, and complied with by the parties through the Merger and Joint Venture Compliance Program.

- **Implementation of Agreements and Orders:** The Merger Compliance Program ensures that order provisions are as effective as possible, and that they are faithfully and timely implemented. Compliance staff work with merger enforcement staff, merging parties, and buyers to assure that the provisions of the order are properly drafted and that the divestiture package is adequate to ensure the viability and competitiveness of the divested assets to retain or restore competition to pre-merger levels. When the divestiture of assets is delayed, the competitive viability of the assets often declines. To avoid delay, the FTC seeks either "up-front" purchase and sales agreements or order provisions that limit the time within which divestiture must be accomplished to the minimum period deemed necessary.
- **Monitor Compliance:** Compliance staff closely monitors progress toward divestiture (or other relief) and, where necessary, recommends that fallback order provisions be invoked, such as trustee-managed divestiture, the divestiture of

larger asset packages, or, where necessary, civil penalty actions. Civil penalty actions entail investigation and, where necessary, federal court litigation. Merger Compliance includes monitoring compliance with conduct order provisions such as bans on the dissemination of competitively sensitive information or requirements to seek approval or give notice prior to implementing specified future mergers or acquisitions.

- **Review Petitions to Modify Orders:** Merger Compliance also includes reviewing petitions from parties seeking modification or terminations of their orders, and making appropriate recommendations for FTC action.

NONMERGER ENFORCEMENT

Firms sometimes resist the competitive forces of evolving markets and innovation; that resistance may involve business practices that make it more difficult for other firms to enter the market or that enable existing competitors to collude. For competition to thrive in markets, competition authorities must stop practices designed to entrench market power and deny consumers the benefit of new forms of competition. To this end, the FTC has challenged agreements between branded and generic pharmaceutical companies to delay lower-priced generic entry, as well as dominant firms' use of their dominant market positions to exclude competition, deprive consumers of choice, and suppress innovation.

Competition authorities must evaluate business conduct in the context of the particular markets at issue. The analysis must be thorough and sensitive enough to distinguish practices that restrict competition and harm consumers from those that may promote competition.

The FTC's nonmerger activities encompass a wide variety of business practices that may harm consumers, allowing firms to raise prices beyond competitive levels, or to reduce output, quality, services, innovation, or consumer choice. The nonmerger actions of the FTC fall in to three broad categories of antitrust violations: horizontal restraints, distributional restraints, and single firm violations. Identifying and proving these types of violations requires sophisticated legal and economic analysis and thorough factual investigation to distinguish between conduct that threatens the operation of open and competitive markets and conduct that promotes and advances their operation and generates efficiencies.

- **Horizontal Restraints:** The horizontal restraints segment of Nonmerger Enforcement looks at anticompetitive agreements between and among competitors. Horizontal restraints, such as price-fixing, can harm consumers by raising prices or by reducing the quantity and quality of goods and services. The mission of this program is to prevent, detect, investigate, and remedy anticompetitive collusion or its facilitation. While some agreements among competitors, such as standard-setting activities and the creation of legitimate ethical codes can be

procompetitive and even essential, such agreements can also be abused to exclude entry by new competitors or expansion by existing competitors.

- **Distributional Restraints:** Restraints on the distribution of goods from manufacturers to consumers can facilitate horizontal collusion, limit sources of supply, or restrict channels of distribution in ways that give a party unilateral power to increase prices, reduce price-adjusted quality, or otherwise suppress competition. Under certain circumstances, potentially unlawful distributional restraints may include agreements restricting resale prices or other terms of resale, agreements restricting the sale or purchase and distribution of goods from firms other than the parties to the agreement, and discrimination in price or other terms that may injure consumers.
- **Single Firm Violations:** A single firm with market power can use various anti-competitive practices to reduce output and increase price above the competitive level, injuring consumers and misallocating resources. While neither the existence of market power nor the attempt to achieve it is unlawful in itself, obtaining, increasing, or maintaining market power by unnecessarily exclusionary means is unlawful. The goal of our enforcement activity against single firm violations is to prevent or remedy instances in which appreciable market power is created or maintained, or when either is attempted through conduct that would injure long-term consumer welfare. A principal challenge with this enforcement activity is to distinguish improper conduct from vigorous competition.
- **Strategy:** The FTC employs strategies of investigation, litigation, voluntary compliance, and negotiation for nonmerger enforcement. In addition, the FTC provides reports and comments to federal, state, and local government agencies, as well as amicus curiae briefs, advisory opinions, and legal and economic analyses to help inform others about emerging issues affecting nonmerger enforcement.

NONMERGER COMPLIANCE

As in its Merger Enforcement Program, the Commission obtains orders in its Nonmerger Enforcement Program to preserve or restore competition. Success requires well-designed orders and strict order compliance. The crafting of appropriate orders and subsequent monitoring of adherence to order terms requires close consultation between enforcement and compliance staff. Unlike orders in merger enforcement cases, orders in anticompetitive conduct cases seldom involve divestiture relief. Instead, the most significant order provisions are generally prohibitory, requiring a party to “cease and desist” from specified conduct. Conduct relief can be quickly implemented once an order is entered, and emphasis is placed on seeking to identify and obtain cease and desist orders enjoining anticompetitive conduct before it can cause significant and potentially irreparable harm.

- **Implementation of Agreements and Orders:** Staff draws on its expansive experience as well as discussions with the parties and affected third parties to craft relief that will be effective yet not chill competitive conduct. Often, conduct remedies will require third party compliance monitoring and reporting to the Commission.
- **Monitor for Compliance:** Strategies for monitoring compliance include review of periodic compliance reports required by the orders, follow-up interviews with the reporting parties, scrutiny of relevant media, contacts with the original complainants and others in the industry in a position to observe any violations, and investigation of suspected violations.
- **Relief:** Nonmerger compliance may entail federal court litigation seeking civil penalties and other relief.
- **Review Petitions to Modify Orders:** Nonmerger Compliance also includes reviewing petitions from parties under order seeking modification or termination of their orders and making appropriate recommendations for FTC action on these petitions.

ANTITRUST POLICY ANALYSIS

Staff conducts antitrust policy analysis to provide the Commission and other policy makers with information to assess and formulate competition policy. Antitrust policy analysis includes the design and conduct of economic research to improve our understanding of markets and enable the FTC to identify markets and circumstances in which enforcement or other FTC actions would likely result in greater competition. The Antitrust Policy Analysis activity also aims to ensure that consumer interests are represented before various governmental and self-regulatory bodies addressing market and competition issues. Among the types of activities supported are:

- **Economic Studies of Competition in Markets:** A key goal of this effort is to support studies and workshops that help us better understand how competition actually works in different markets and contexts. These activities enable the FTC to bring together industry, economic, and legal experts to assess competition policy challenges in specific sectors of the economy.

This effort also supports studies of key industries, such as the recent studies of a refining merger and the relationship between market structure and the quality of health services. In addition, the FTC issues policy papers, such as a paper summarizing the agency's activities relating to ongoing reviews of mergers, acquisitions, and other transactions in the oil and natural gas industries.

- **Economic Support of Competition Advocacy:** Bureau of Economics staff also provides input in advocacy comments before other governmental or self-regulatory bodies on issues related to the FTC's goals in promoting competition.

OTHER DIRECT

The Competition Mission includes several other functions that directly support law enforcement, including:

- **Planning, Education, and Review:** Through this function, the FTC ensures overall consistency of our enforcement program with case law, FTC precedents and policy, antitrust scholarship, and efficient use of resources.
- **Competition Advocacy:** The FTC and its staff have a great deal of expertise about competition and the competitive effect of proposed laws, rules, or regulation on other governmental bodies. Competition staff is often invited to comment on such proposals and share this expertise with federal, state, or local governments. Staff has issued comments to various state entities on rules governing direct-to-consumer sales by manufacturers of automobiles, the entry of new types of limited service health care professionals and facilities in markets otherwise reserved for medical doctors, passenger motor vehicle transportation services, including new software applications that are used to arrange for such services, and comments on proposed rules issued by Federal Energy Regulatory Commission (FERC) relating to the integration of alternative sources of energy.
- **Recruiting:** The Bureau of Competition, in cooperation with the Human Capital Management Office and other offices in the FTC, conducts interviews at over a dozen law schools and legal recruiting fairs each year to identify and select entry-level attorneys, and also recruits lateral attorneys and other staff members as needs arise.
- **Employee Development and Training:** Through its Employee Development and Training Program, the FTC ensures that attorneys and support personnel receive legal and other necessary training. Hallmarks of the training program are the Bureau of Competition Training Council's seminar series and the semi-annual in-house training sessions for summer interns and first-year attorneys.
- **Investigation, Litigation Support, and Electronic Filing:** Investigation and Litigation Support staff are responsible for processing and loading all document productions received during the course of investigations. This group develops standards for accepting documentary productions and uses appropriate technological solutions to ensure Commission staff has ready and efficient access to this information.

Related to this activity, the agency is exploring options for an effective electronic filing system for premerger filings received under the HSR program. This system will allow merging parties to submit required HSR Notification and Report Forms electronically via the Internet. Once a form is processed, it would be accessible by the reviewing agencies via a shared database. Electronic filing will provide faster

processing time, improved data entry, and the elimination of expensive and time-consuming duplication of documents.

- **Information Systems Management:** The Bureau of Competition's Information Systems Management staff manages the records systems necessary to track all matters opened within the Promoting Competition Mission. It also coordinates activities with the FTC's Office of the Chief Information Officer, including use of the Internet to keep the public informed of activities, and using the FTC's Intranet to provide staff with internal resources.
- **Clearance Procedures with the Department of Justice:** Staff of the FTC and the Antitrust Division of the Department of Justice apply established principles to determine which agency will investigate merger and nonmerger matters that appear to violate the antitrust laws.
- **Liaison with State Officials:** FTC staff and management coordinate antitrust activities and enforcement with state attorneys general including training, consultations, and joint investigations of potentially anticompetitive practices and mergers to the extent allowed by applicable laws.

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Support

Support consists of management and support activities within the Federal Trade Commission (FTC). Support addresses evolving needs and develops and implements new, more efficient products and services to meet the FTC's goals and challenges.

Budget by Activity (\$ in thousands)

	Fiscal Year 2015		Fiscal Year 2016	
	FTE	Dollars	FTE	Dollars
Commissioners	40	\$6,880	40	\$7,013
Office of Policy Planning	15	2,436	15	2,484
Office of the General Counsel	55	8,775	55	8,945
Office of International Affairs	26	4,826	26	4,920
Office of the Secretary	11	2,099	11	2,141
Office of Administrative Law Judges	6	953	6	970
Office of the Executive Director	141	100,433	144	111,024
Office of Congressional Relations	7	1,120	7	1,141
Office of Public Affairs	9	1,521	9	1,551
Office of Inspector General	5	1,101	7	1,437
Office of Equal Employment Opportunity	3	518	3	529
Total Support	318	\$130,662	323	\$142,155
Allocation of Support				
Protecting Consumers	172	\$70,949	175	\$77,332
Promoting Competition	146	59,713	148	64,823
Total Support	318	\$130,662	323	\$142,155

COMMISSIONERS

The Commissioners are responsible for ensuring the effective and efficient execution of the FTC's congressionally mandated mission. They formulate Commission policy, which guides and directs the staff's work, and allocate the required resources. They also monitor the FTC's progress in accomplishing stated goals.

OFFICE OF POLICY PLANNING

The Office of Policy Planning is responsible for developing policy recommendations on a variety of competition and consumer protection issues. Policy Planning staff research and analyze emerging issues relevant to how the free market operates in a variety of industries, competition enforcement, and the intersection of competition and consumer protection policy. The Office of Policy Planning also advocates for robust competition and consumer protection policies in a variety of federal and state venues by analyzing the competitive ramifications of certain policy approaches, making recommendations on legislation that may enhance or impede competition, gathering evidence to assess competitive problems or to identify how best to address new competitive issues, and providing legal and economic analysis where requested.

Policy Planning staff frequently obtain public input from businesses, consumer groups, academics, and other outside sources through a variety of means, such as fact-gathering workshops, roundtable policy discussions, and Section 6(b) subpoenas. The Office of Policy Planning also coordinates the FTC's advocacy role with other governmental entities and, when warranted, provides assistance in the development of enforcement matters that involve novel or complex legal issues.

OFFICE OF GENERAL COUNSEL

The General Counsel is the Commission's chief legal officer and adviser. The Office's major functions are representing the Commission in court and providing legal counsel and policy advice to the Commission, the operating bureaus, and other offices.

- **Litigation:** In its litigating capacity, the Office of General Counsel (OGC) supports both missions of the agency. The Office defends actions seeking judicial review of Commission orders and trade regulation rules, handles appeals of Commission actions seeking preliminary and permanent injunctive relief, and assists both bureaus in actions for injunctive relief in district court.

The Office also counsels staff on the conduct of law enforcement investigations, enforces civil investigative demands and other compulsory processes, advises staff on issues relating to the discovery of electronically stored information, and frequently assists staff in responding to discovery requests directed to the FTC or its staff. It assists the Department of Justice in defending cases brought to enjoin or otherwise challenge agency action, or to obtain monetary damages against the FTC or its personnel. The Office also furnishes advice and assistance concern-

ing other litigation activities, prepares amicus curiae briefs authorized by the Commission, and works to ensure that our adjudicatory process is efficient and fair.

- **Legal Counsel:** In its Legal Counsel capacity, the Office of General Counsel provides confidential legal guidance to the Commission on a wide range of procedural and substantive issues in adjudicative matters. It also advises the Commission and staff on legal and policy issues, such as agency jurisdiction, statutory authority, administrative procedure, and other matters relating directly to the agency's enforcement goals.

The Office counsels Commissioners and staff to ensure compliance with the Ethics in Government Act. Its work protects the agency by helping Commissioners and staff avoid conflicts of interest, by deciding whether former employees may appear in Commission proceedings, and by providing reports to the Office of Government Ethics.

- **Opinion and Analysis:** OGC assists the FTC in drafting opinions and providing all necessary support for the Commission's Part 3 functions. Staff provides an analysis of complex legal issues for the Commission, provides assistance to other offices, and contributes advice and drafting assistance on cutting-edge topics related to the FTC's enforcement responsibilities with regard to complaint recommendations, adjudicatory opinions, and appellate litigation.
- **Employment, Labor, and Appropriations:** The Office also advises and trains agency staff on personnel, labor-management relations, equal employment opportunity, procurement law, and appropriations law matters. The sound management training, advice, and representation from the Office of General Counsel helps lower the risk of improper behavior, improper management, and the possibility of individual class actions and subsequent findings for damages against the FTC. The Office represents the FTC in legal proceedings before such agencies as the Merit Systems Protection Board, the Federal Labor Relations Authority, the Equal Employment Opportunity Commission, and the General Services Board of Contract Appeals.
- **Legislative Requests and Transparency:** The Office prepares responses to formal congressional requests for documents or information about Commission actions, assists with briefings of congressional committees and subcommittees, assists in preparing testimony for congressional hearings, analyzes proposed legislation affecting the agency, and drafts or reviews Commission comments to OMB or the Congress on such legislation.

The Office also handles a number of matters related to confidentiality and access to information. The Office administers the agency's Freedom of Information Act program, and works extensively with the administration of the Privacy Act, the Government in

the Sunshine Act, requests by state and federal law enforcement agencies for access to non-public documents, and requests for confidential, rather than public record, treatment of materials submitted to the Commission.

OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs (OIA) is responsible for the international aspects of the FTC's goals of promoting competition and protecting consumers. As markets have become more global and the number of antitrust and consumer protection laws and agencies continues to grow, the FTC must increasingly address international issues to fulfill its competition and consumer protection objectives for American consumers.

OIA's work comprises two areas: supporting the FTC's consumer protection and competition case teams with respect to international issues and working with other nations and international organizations to promote sound competition and consumer protection policies, including providing technical assistance to enable developing competition and consumer protection agencies to obtain the legal and economic skills necessary to perform their missions.

Competition

OIA assists the FTC's competition mission through advice to case teams on international issues such as access to foreign witnesses and evidence and through its work in various bilateral and multilateral fora.

- **Bilateral Relationships:** Effective cooperation with counterpart agencies is a necessity given the many FTC cases that involve parties based outside the United States, evidence located abroad, or matters that are under parallel review by foreign competition agencies. Pursuant to formal cooperation agreements, such as a recent Antitrust Cooperation Agreement with Colombia and Memoranda of Understanding with the Chinese and Indian competition agencies, and a network of informal arrangements and relationships, OIA works with FTC staff and foreign agencies to achieve consistent approaches to cases of mutual concern and to promote convergence toward sound policy and enforcement.
- **Activities in Multilateral Competition Fora:** The FTC is a leader in the multilateral organizations that facilitate dialogue and convergence toward sound competition policy and enforcement, particularly the International Competition Network (ICN) where the FTC leads an initiative to strengthen due process protections in competition investigations, and the Organization for Economic Cooperation and Development (OECD), as well as the United Nations Conference on Trade and Development (UNCTAD) and regional organizations such as the Asia-Pacific Economic Cooperation (APEC).
- **Trade-Related Competition Activities:** The FTC plays an active role in the U.S. delegations that address competition issues in bilateral and regional trade agree-

ments, and is a key partner in the negotiations surrounding the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership agreements. We also participate in the interagency process to formulate and implement competition and related policies toward China.

Consumer Protection

OIA helps the FTC accomplish its consumer protection and privacy goals by building international enforcement cooperation and fostering the development of sound policies that take into account rapid technological and other changes in the global marketplace. These activities include:

- **Investigative and Litigation Advice and Assistance:** OIA supports case teams from BCP and OGC when international issues arise in FTC investigations and cases. OIA's work spans the range of enforcement-related activities, from providing advice and briefings on issues such as jurisdiction and service of process to obtaining evidence, including expert evidence, located abroad, to working with case teams and foreign attorneys to identify and secure foreign assets for redress.
- **International Enforcement Cooperation:** In 2006, Congress gave the FTC powers to combat cross-border consumer fraud more effectively through the U.S. SAFE WEB Act, which provides the FTC with key information sharing, investigative assistance, and cross-border enforcement authority. The FTC has used this authority to pursue cross-border wrongdoers robustly and effectively. Congress reauthorized the Act in 2012, and the FTC has continued to expand its use of the Act's tools, including a provision that permits the FTC to seek an order from a United States federal district court to obtain evidence located in the United States for a foreign agency's enforcement proceedings

The FTC also works closely with a range of Canadian agencies on cross-border telemarketing, privacy, and Internet fraud issues and has strengthened cooperation in the past year with the European Union's Consumer Protection Cooperation Network and regional partnerships in Canada. The FTC is also a leader in the International Consumer Protection Enforcement Network (ICPEN), a global network of consumer protection law enforcement agencies that work together to combat fraud, and it works closely with regional consumer protection networks in Asia, Africa, and Latin America. The FTC also co-chairs the London Action Plan on international spam enforcement cooperation and is an active participant in the International Mass Marketing Fraud Working Group.

In the privacy area, the FTC has played a lead role in setting up the APEC cross-border privacy enforcement arrangement and the Global Privacy Enforcement Network, and is now an active member of the International Conference of Data Protection and Privacy Commissioners. The agency has also actively developed bilateral relationships with foreign counterparts. In FY2014, the FTC signed a

memorandum of understanding with the data protection authority of the United Kingdom.

Promoting Sound Consumer Protection and Privacy Policies: OIA advocates vigorous enforcement of the key rules that protect consumers from significant harm, including from fraud, deception, and unfair practices, in the global marketplace. Examples of the FTC's activity in this area include its work on the international dimensions of emerging electronic commerce-related issues such as mobile payments, social networking, and digital content products, and the economics of consumer protection in the OECD's consumer policy committee and other international organizations. The FTC is currently involved in ongoing negotiations to revise the 1999 OECD Guidelines on Consumer Protection in the Context of Electronic Commerce.

International Training Assistance

- **Cross-Cutting Technical Assistance:** The FTC provides technical assistance to countries in transition to market economies and that are establishing new competition and consumer protection regimes. It also shares staff investigative and analytical expertise and experience with colleagues in more advanced jurisdictions as they address more complex issues. Our program contributes to convergence toward sound policies that benefit American consumers and businesses.
- **Investigative Training:** The FTC provides short-term training in investigative skills. The FTC also responds to requests for comments on draft competition, consumer protection, and privacy legislation and hosts foreign officials who visit the agency to study the U.S. experience in administering its antitrust, consumer protection, and privacy laws.
- **International Staff Exchanges:** The FTC has established an International Fellows and SAFE WEB Interns program that has enabled foreign competition and consumer protection agency staff to work alongside their FTC counterparts, and an FTC staff exchange program. These programs implement the U.S. SAFE WEB Act's authorization of exchanges with foreign antitrust and consumer protection agencies. The FTC has hosted 69 International Fellows and SAFE WEB Interns from 30 jurisdictions, and FTC staff have participated in exchanges with competition and consumer protection agencies in Canada, the United Kingdom, Mexico, and the European Commission.

OFFICE OF THE SECRETARY

The Office of the Secretary supports the Commission decision-making process by implementing and advising the Commission and its staff on Commission voting and other decision making procedures, assigning staff recommendations and requests for action to the Commission, processing all Commission circulations and votes, and notifying the Commission and its staff of voting and other decision-making deadlines.

The Office creates official records of all Commission deliberations and actions taken. The Office also reviews, and the Secretary signs or otherwise validates, all official documents approved or authorized by the Commission. In addition, the Office forwards all Commission Notices to the Federal Register, after signature by the Secretary or the General Counsel, and manages the contract covering Federal Register publication expenditures.

The Office also maintains the agency Operating Manual, and prepares and forwards responses to most Congressional and White House correspondence raising constituent issues. In addition, the Office creates and preserves electronic copies of all relevant actions and documents in our internal document management system. The Secretary is also the legal custodian of Commission legal and public records, and is responsible for publishing the FTC Decisions Volumes, including almost 100 volumes covering the period from 1949 to 2005 which have recently been placed on the Commission website, at ftc.gov.

OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by statutes, precedent, and rules of practice. The Administrative Law Judge holds pre-hearing conferences, resolves discovery, evidentiary and procedural disputes, and conducts the full adversarial evidentiary hearings. The judge's Initial Decision sets out relevant and material findings of fact with record citation, explains the legal standard, and applies the law to the facts.

The Office of Administrative Law Judges is also charged with conducting certain rule-making proceedings for the Commission. After a hearing on the record, the judge conducting the proceeding recommends a decision to the Commission based on findings of fact and conclusions of law.

OFFICE OF THE EXECUTIVE DIRECTOR

The Office of the Executive Director serves as the managerial and administrative arm of the Federal Trade Commission, with responsibility for the overall operation of the agency. The Office of the Executive Director works closely with the bureaus on strategic planning and assessing the management and resource implications of any proposed action. The following offices are located in the Office of the Executive Director:

Financial Management Office

The Financial Management Office (FMO) is responsible for overseeing the FTC's budget formulation and execution processes, all procurement activities and related policies, development and maintenance of financial policies, ongoing assessment and monitoring of internal controls, implementing and maintaining financial systems, accounting and reporting of financial transactions, travel management, strategic planning, and

performance management as required by the GPRA Modernization Act (GMA) of 2010. In fulfilling its responsibilities, FMO staff partner and collaborate with other Federal entities such as the Congress (relative to budget), the Office of Management and Budget (OMB), and the Department of the Treasury to accomplish government-wide goals and objectives.

FMO ensures the FTC complies with various financial management laws, regulations, and government-wide policies. FMO's core staff of financial management professionals aids the FTC in carrying out its mandated responsibilities, and provides agency-wide financial management direction, services, and information.

Some of the key activities performed by FMO include:

- Assisting senior management and staff on budget development, justification, execution, and review. This includes working with FTC, OMB, and Congressional staff to obtain appropriations and subsequent apportionment authority, distribute enacted and Commission-approved resources to agency organizations and projects, track the use of agency resources, and prepare needed reprogrammings of agency funds.
- Recording financial transactions into the accounting system, managing the agency's general ledger, and reconciling balances with those maintained by the Department of Treasury and OMB. FMO also performs financial analysis and initiates adjusting entries as needed.
- Preparing the FTC's consolidated financial statements and serving as primary liaison with external auditors. FMO also prepares the Annual Financial Report and consolidated Annual Performance Plan/ Annual Performance Report and directs Government Performance and Results Act activities including oversight of strategic planning and performance reporting.
- Acquisition of all goods and services on behalf of the Bureaus and Offices, including assisting internal customers with the requisition process, statements of work, and requests for proposal, as well as assistance with contract preparation, award, and administration.
- Managing the FTC's internal control program and coordinating activities resulting in the annual Statement of Assurance required by law.
- Managing the FTC's financial systems that incorporate an integrated Contracting Lifecycle Management and related accounting and payment processing support services via a contract vehicle with a shared service provider.
- Issuing the FTC's financial policies to implement laws and high-level government-wide requirements and policies (e.g., OMB Bulletins and Circulars).

- Managing and administering credit card programs.
- Managing E-Travel, including a comprehensive end-to-end service to plan, book, track, approve, and request reimbursement for travel.

In addition, the Chief Financial Officer also serves as the agency's Performance Improvement Officer and coordinates strategic planning and performance management activities as required by the GPRA Modernization Act.

Human Capital Management Office

The Human Capital Management Office (HCMO) is responsible for enabling the FTC to accomplish its goals through workforce planning, recruitment, employee development, retention, compensation, and performance management. Activities include honors paralegal recruitment; attorney and non-attorney hiring; SES hiring; advice and guidance to managers on conduct, performance, and discipline problems; benefits; retirement counseling; administering awards; training; position classification; labor relations; administration of performance management; payroll liaison; and electronic time and attendance coordination.

HCMO ensures the FTC complies with various human resources management laws, regulations, and government-wide policies and maintains a core staff of human resources professionals to aid the FTC in carrying out its mandated responsibilities, as well as providing agency-wide human resources management direction, services, and information. Some of the key activities performed by HCMO include:

- Assisting and advising the Bureaus and Offices in filling high-priority positions.
- Assisting and advising the Bureaus and Offices in resolving sensitive human resource issues.
- Working with Bureaus, Offices, and the employee union to ensure management complies with labor relations responsibilities when making decisions affecting personnel policies, practices, or working conditions.
- Leading Training Council activities to assess continually the core curriculum for critical FTC occupations.

Administrative Services Office

The Administrative Services Office (ASO) is an integral component of the FTC's support service network, ensuring that other agency staff can focus on law enforcement activities. Some of the key activities performed by ASO include:

- Negotiating, leasing, and managing headquarters and regional offices space, including managing infrastructure renovations and repairs.

- Providing building and grounds management.
- Managing the agency's physical security, personnel security, emergency preparedness, and health and safety programs.
- Planning, coordinating, and supporting all types of FTC events.
- Coordinating the preparation for new employees, physical office moves of current employees, and the processing of employees who leave the agency.
- Maintaining a Customer Services Center, a one-stop shop for addressing and fulfilling a wide range of administrative requests.
- Managing the agency's reproduction needs, including in-house copy centers in both buildings in Washington, DC and logistical support to FTC staff working with commercial printers or the Government Printing Office.
- Managing agency-wide support including the mail room, courier, supply, and furniture management services.
- Updating and maintaining publications, including the FTC Daily, the FTC's Administrative Manual, and the FTC telephone directory.
- Managing and administering Reimbursable Work Authorization (RWA). The FTC is required to reimburse the General Services Administration for building-related services, such as utilities and alterations in buildings, where GSA has not given the FTC authority to provide these services.
- Coordinating the FTC's transit subsidies.
- Providing moving, transportation, and garage services for headquarters building.
- Providing administrative assistance and logistical support to seven regional offices.

Office of the Chief Information Officer

The Office of the Chief Information Officer (OCIO) is responsible for providing the FTC with a robust, reliable, rapidly scalable, and interoperable infrastructure, and providing connectivity and computing capabilities which allow all FTC staff and mission partners to access, share, and act on needed information. OCIO also directly supports critical mission area IT development, modernization, and the enhancement of applications and systems, business services and related office automation systems; and maintains a

robust cybersecurity program that includes the FTC's disaster recovery and continuity of operations efforts. One of OCIO's goals is the provision of the best available information management and information technology (IM/IT) tools and infrastructure to the FTC staff for mission success.

OCIO's IM/IT responsibilities align with and support two agency services: the direct law enforcement and goal-related systems and services as well as the vital, secure, and stable technology infrastructure that forms the basis for specific FTC mission activities. Some key activities performed by OCIO include:

- Providing several important direct law enforcement systems and services that are critical to the FTC's law enforcement activities.
- Supporting overall law enforcement efforts through library research and reference collection services; services provided by the FTC's Enterprise Services (or Help) Desk, including PC installation and repair; training and support in the use of information technology resources; and support of critical information systems and applications.
- Providing a vital, secure, and stable technology infrastructure for a multitude of mission-supporting applications, systems, and services. This includes life-cycle management, where OCIO assesses and evaluates the technology infrastructure to ensure that it remains sound and that improvements produce optimal results, as well as enhancing technology products and services to ensure that they continue to meet changing business requirements.
- Securing FTC data and information technology systems against current and emerging cybersecurity threats by using sophisticated network security technologies that provide increased system security while allowing FTC staff to do their jobs in the most efficient manner possible. OCIO also investigates and implements emerging technology to provide a secure repository for the FTC's critical, highly sensitive data.
- Ensuring that agency applications, processes, and internal policies, procedures, and guidelines align with all federal mandates, legislation, and guidance.

Records and Filings Office

The Records and Filings Office (RFO) serves all official documents, receives and processes filings before the Commission and the Administrative Law Judges, maintains the official public record in all FTC matters, and develops and administers records management policies for all media throughout the FTC. Some of the key activities performed by RFO include:

- Leading the FTC's transition to electronic recordkeeping.
- Intake and processing public comments in all FTC rulemaking proceedings and other matters (such as workshops, studies, and Paperwork Reduction Act proceedings) that solicit public comments.
- Supporting the FTC's law enforcement efforts by designing and implementing agency-wide electronic systems for storing and accessing agency documents and for tracking and managing agency matters, as well as a system for filing electronically in administrative litigation.
- Maintaining pages on ftc.gov regarding adjudicative proceedings and public comments.
- Overseeing the creation of Federal records to ensure that Commission functions are adequately and properly documented.
- Developing programs to ensure that the FTC meets the relevant statutory requirements for records management and retention.
- Developing and conducting training, education and outreach programs to make mission-driven, life cycle records management an integral component of FTC functions.
- Developing policies and procedures to identify and protect records needed for continuity of operations.
- Storing and retrieving FTC official records, both on- and off-site.
- Managing the agency-wide stenographic court reporting contract.

OFFICE OF CONGRESSIONAL RELATIONS

The Office of Congressional Relations works closely with members of Congress and their staffs. The Office informs Commissioners and FTC staff of Capitol Hill issues and policies, and helps provide information on legislation and Congressional hearings of interest to the Commission. It also coordinates the preparation of both Congressional testimony and responses to Congressional inquiries concerning FTC policies and programs.

The Office of Congressional Relations:

- Develops, coordinates, and executes legislative advocacy for the Federal Trade Commission.

- Plans and implements liaison activities with Congress, including briefings, meetings between members of Congress and Commissioners, and constituent education events.
- Reviews legislation within the FTC's jurisdiction. Works with Congressional staff on proposed legislation affecting consumer protection and competition.
- Tracks legislation and keeps agency officials apprised of matters affecting or of interest to the FTC. Additionally, tracks press releases, floor statements, and speeches of members of Congress to anticipate and stay ahead of issues likely to result in Congressional action.
- Prepares agency witnesses for congressional testimony, including determining the scope of hearings and requested testimony, areas of specific member interest, and questions likely to be asked.
- Maintains contact with Congressional staff, keeping them abreast of major Commission actions and policy.
- Manages the FTC's responses to Legislative Referral Memorandums from the Office of Management and Budget.
- Receives and coordinates responses to incoming constituent inquiries from Congressional district, regional, and Washington offices.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs informs the news media, as well as the public at large, about the activities of the FTC. They also respond to media inquiries about Commission actions and policy.

In serving as liaison between the FTC and the media, the Office of Public Affairs:

- Arranges media appearances for the Chairwoman, Commissioners, and other senior officials.
- Ensures that Commission releases, supporting documents, and consumer and business education materials are disseminated to the media and the public on FTC websites, through use of social media, and other channels.
- Manages the FTC's official presence on Facebook and Twitter, including hosting live social chats, live-tweeting workshops, and answering public questions using social media.

- Produces a daily “News Summary” on FTC activities consisting of interesting/influential tweets, clips from newspapers, magazines, online publications, and television.
- Drafts and maintains all social media privacy impact assessments and produces weekly social mentions report to staff.
- Provides assistance to the media and bloggers involved in covering FTC activities.
- Promotes and supports major FTC outreach activities and initiatives and uses new technology, as available, to advance these efforts.
- Provides Regional FTC offices with media training and outreach support as needed.
- Produces “Weekly Calendar and Sunshine Notices” report to inform the public and the media of scheduled “open” Commission activities.
- Works with international, national, and regional media for coverage of Commission activities.
- Garners transcripts and videotapes of broadcast coverage of Commission activities.
- Coordinates with staff on publication of FTC blogs, posts, and occasionally guest posts.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) was created, in accordance with the Inspector General Act of 1978, to prevent and detect fraud, waste, and abuse in agency programs and operations. The Inspector General is charged with keeping both the Commission and Congress fully and currently informed about problems and deficiencies relating to the administration of FTC programs.

OIG meets its goals by performing independent and objective audits and investigations of the FTC’s programs and operations and by working with FTC managers to promote economy, efficiency, and effectiveness and prevent and detect fraud and abuse. OIG also conducts investigations of alleged wrongdoing on the part of agency employees and entities contracting with the FTC. The Inspector General reports semiannually to the Congress on OIG activities.

OIG also performs congressionally mandated financial statement and information security audits which allow OIG to focus on information management, GPRA implementation, and other activities identified as important by management in the agency’s strategic and performance plans. Finally, OIG participates in community-wide Council

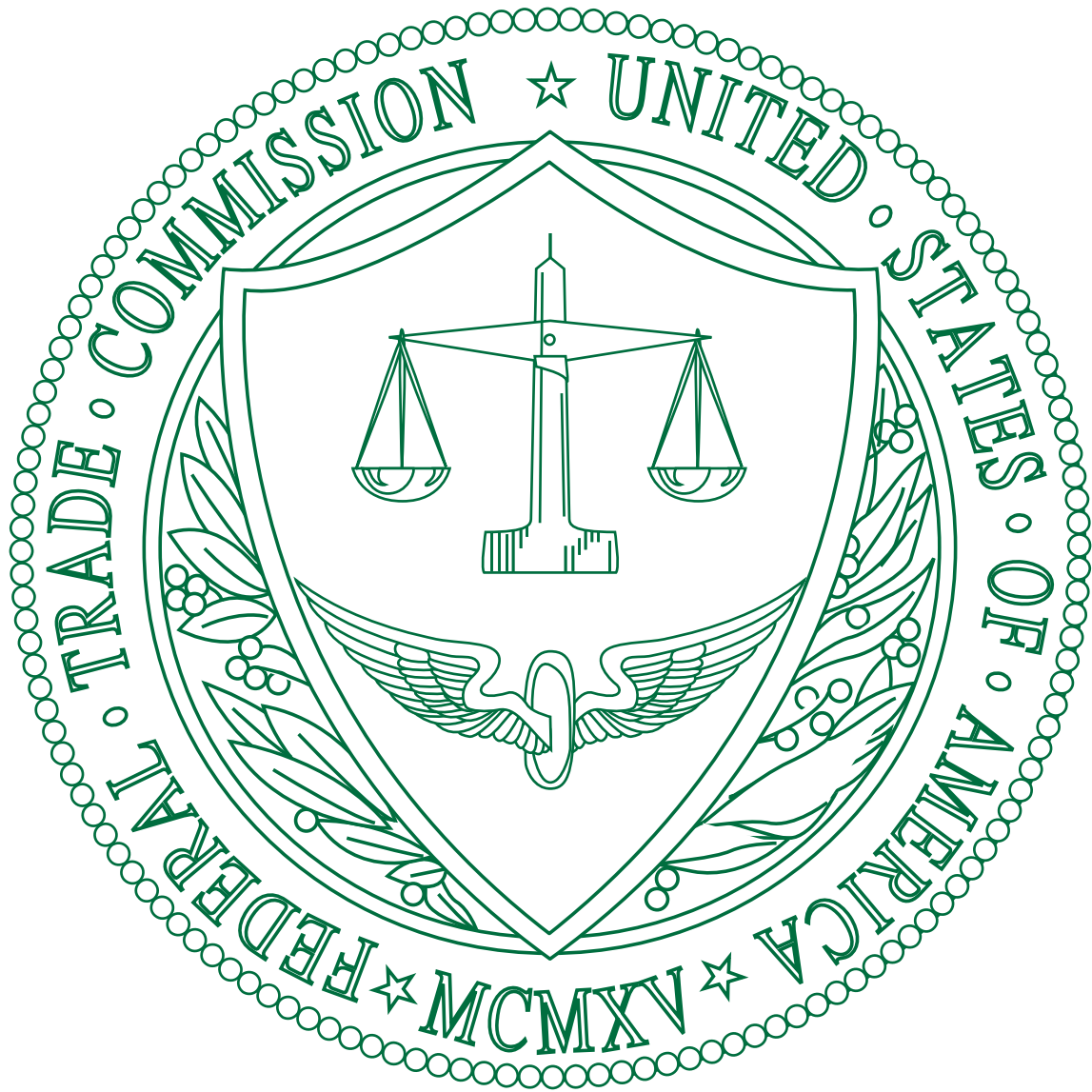
of Inspectors General on Integrity and Efficiency activities and works with other Inspectors General in multi-agency projects.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (EEO) maintains a continuing affirmative employment program to promote EEO and to identify and eliminate discriminatory practices and policies. The Office engages in proactive management strategies to identify and eliminate barriers to EEO, provides leadership and direction on EEO regulations and directives, and implements comprehensive affirmative employment initiatives that conform to Federal laws and regulations governing EEO and human resources management. The Office also manages, advises, and oversees the discrimination complaints processing system, including recommending settlements and taking final action, as well as making final decisions on complaints that are consistent with regulations and rules governing the administrative complaint process. EEO also serves as the principal advisor on EEO and affirmative employment programs, policies, and regulations including providing support and advice on issues related to EEO in all aspects of employment. The Office further promotes an inclusive and diverse work environment by maintaining relationships with affinity bar associations, serving as a member of the FTC Diversity Council, and planning and organizing cultural events for special observances throughout the year.

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Additional Budget Exhibits



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Proposed Appropriations Language

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed \$2,000 for official reception and representation expenses, [\$293,000,000] \$309,206,000, to remain available until expended: *Provided*, That not to exceed \$300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718: *Provided further*, That, notwithstanding any other provision of law, not to exceed [\$100,000,000] \$103,500,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: *Provided further*, That, notwithstanding any other provision of law, not to exceed \$14,000,000, in offsetting collections derived from fees sufficient to implement and enforce the Telemarketing Sales Rule, promulgated under the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), shall be credited to this account, and be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year [2015] 2016, so as to result in a final fiscal year [2015] 2016 appropriation from the general fund estimated at not more than [\$179,000,000] \$191,706,000: *Provided further*, That none of the funds made available to the Federal Trade Commission may be used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t: *Provided further and hereafter*, That Section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1990 (15 U.S.C. 18a note) is amended- (1) in subsection (b)- (A) in the matter preceding paragraph (1), by striking "The filing fees" and inserting "Subject to subsection (c), the filing fees"; (B) in paragraph (1), by striking "\$45,000" and inserting "\$70,000"; (C) in paragraph (2)- (i) by striking "\$125,000" and inserting "\$190,000"; and (ii) by striking "and" at the end; (D) in paragraph (3)- (i) by striking "\$280,000" and inserting "\$425,000"; and (ii) by striking the period at the end and inserting "but less than \$1,000,000,000 (as so adjusted and published); and"; and (E) by adding at the end the following: "(4) \$565,000 if the aggregate total amount determined under section 7A(a)(2) of the Clayton Act (15 U.S.C. 18a(a)(2) is not less than \$1,000,000,000 (as so adjusted and published)." and (2) by adding at the end the following: "(c) For fiscal year 2018, and each fiscal year thereafter, the Federal Trade Commission shall publish in the Federal Register and increase the amount of each filing fee under subsection (b) in the same manner and on the same dates as provided under section 8(a)(5) of the Clayton Act (15 U.S.C. 19(a)(5) to reflect the percentage change in the gross national product for the fiscal year as compared to the gross national product for fiscal year 2013 except that the Federal Trade Commission- (1) shall round any increase in a filing fee under this subsection to the nearest \$5,000; (2) shall not increase filing fees under this subsection if the increase in the gross national product is less than 1 percent; and (3) shall not decrease filing fees under this subsection." (b) This Section shall take effect on October 1, 2016.

Program and Financing
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
Obligations by Program Activity:			
0001 Protecting Consumers	188	181	175
0002 Promoting Competition	146	139	134
0091 Direct program activities, subtotal	334	320	309
0192 Subtotal, direct program	334	320	309
0803 Reimbursable program	---	1	1
0900 Total new obligations	334	321	310
Budgetary Resources:			
Unobligated Balance:			
1000 Unobligated balance carried forward, Oct 1	57	28	2
1021 Recoveries of prior year unpaid obligations	7	---	---
1050 Unobligated balance (total)	64	28	2
Budget Authority:			
Appropriations, discretionary:			
1100 Appropriation	181	179	192
1130 Appropriations permanently reduced	---	---	---
1160 Appropriation, discretionary (total)	181	179	192
Spending authority from offsetting collections, discretionary:			
1700 Offsetting collections (HSR Fees)	106	100	104
1700 Offsetting collections (Do Not Call Fees)	14	14	14
1700 Offsetting collections (Fed. Reimb. Programs)	---	1	1
New and/or unobligated balance of spending authority from offsetting collections			
1723 temporarily reduced	---	---	---
Spending authority from offsetting collections precluded from obligation (limitation on obligations)			
1725	-3	---	---
1750 Spending authority from offsetting collections, discretionary (total)	117	115	119
1900 Budget authority (total)	298	294	311
1930 Total budgetary resources available	362	322	313
Change in Obligated Balances:			
Obligated balance, start of year (net)			
3000 Unpaid obligations, brought forward, Oct 1 (gross)	96	96	97
3020 Obligated balance, start of year (net)	96	96	97
3030 Obligations incurred, unexpired accounts	334	321	310
3040 Outlays (gross)	-327	-320	-315
3080 Recoveries of prior year unpaid obligations, unexpired	-7	---	---
Obligated balance, end of year (net):			
3090 Unpaid obligations, end of year (gross)	96	97	92
3100 Obligated balance, end of year (net)	96	97	92
Budget Authority and Outlays (net):			
Discretionary:			
4000 Budget authority, gross	298	294	311
Outlays, gross:			
4010 Outlays from new discretionary authority	259	198	216
4011 Outlays from discretionary balances	68	122	99
4020 Outlays, gross (total)	327	320	315
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	---	-1	-1
4034 Offsetting governmental collections	-120	-114	-118
4040 Offsets against gross budget authority and outlays (total)	-120	-115	-119
4070 Budget authority, net (discretionary)	178	179	192
4080 Outlays, net (discretionary)	207	205	196
4180 Budget authority, net (total)	178	179	192
4190 Outlays, net (total)	207	205	196

Object Classification
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
Direct Obligations			
Personnel Compensation:			
11.1 Full-time permanent	133	145	150
11.3 Other than full-time permanent	8	8	8
11.5 Other personnel compensation	1	2	2
11.8 Special personal services payments	1	1	1
11.9 Total, Personnel Compensation	143	156	161
12.1 Civilian personnel benefits	42	43	44
21.0 Travel and transportation of persons	2	2	2
23.1 Rental payments to GSA	28	28	28
23.3 Communications, utilities, and miscellaneous charges	7	7	7
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	72	51	34
25.2 Other services	7	7	7
25.3 Purchases of goods and services from government accounts	9	7	7
25.4 Operation and maintenance of facilities	2	2	2
25.7 Operation and maintenance of equipment	3	3	4
26.0 Supplies and materials	1	1	1
31.0 Equipment	17	12	11
99.0 Subtotal, Direct Obligations	334	320	309
Reimbursable Obligations			
Personnel Compensation:			
11.1 Full-time permanent	-	1	1
99.0 Subtotal, Reimbursable Obligations	-	1	1
99.9 Total, New Obligations	334	321	310

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
Direct			
1001 Full-time equivalent employment	1,145	1,176	1,191
Reimbursable			
2001 Full-time equivalent employment ¹	0	1	1

¹Includes 1 FTE reimbursed by other federal agencies.

Inspector General's Request



Office of Inspector General


UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

January 28, 2015

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended), the Federal Trade Commission's Office of Inspector General submits the following information related to its requested budget for FY 2016:

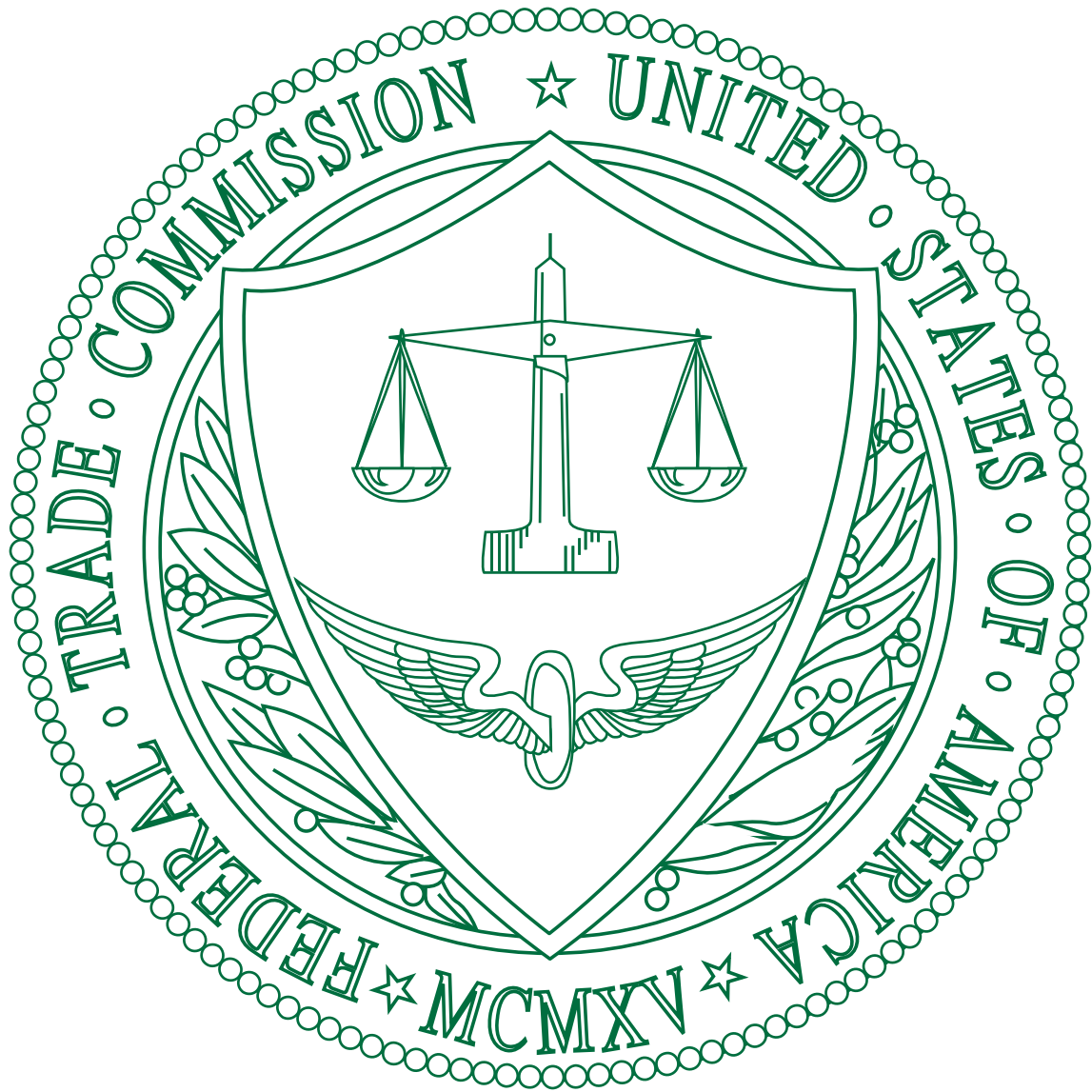
- The Office of Inspector General (OIG) requests aggregate funding of \$1,437,000 for FY 2016.
- OIG requests \$8,400 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2016.
- OIG requests \$3,900 for support of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The requested amount satisfies all requirements for the OIG's contribution to the CIGIE in FY 2016.

<u>FY 2015 Budget</u>		<u>FY 2016 Estimate</u>		<u>Change</u>	
\$ in thousands		\$ in thousands		\$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
5	\$1,101.0	7	\$1,437.0	2	\$336


 Roslyn A. Mazer
 Acting Inspector General
 Federal Trade Commission

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Appendix



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Report Response



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

September 5, 2014

The Honorable Thomas R. Carper
Chairman
The Honorable Tom Coburn
Ranking Member
Committee on Homeland Security & Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Carper and Senator Coburn:

Pursuant to 31 U.S.C. § 720, this letter describes actions that the Federal Trade Commission (“FTC” or “agency”) has taken and will take in response to the recommendation of the Government Accountability Office (“GAO”) in its report entitled *PENSION ADVANCE TRANSACTIONS: Questionable Business Practices Identified* (GAO-14-420) (publicly released July 7, 2014) (the “Report”).

GAO Report

At the request of Chairman Tom Harkin and Ranking Member Lamar Alexander of the Senate Committee on Health, Education, Labor, and Pensions, the GAO reviewed the pension advance industry and issued the Report based on its findings. Specifically, the Report addressed (1) the concentrated nature of the pension advance marketplace and its purported focus on financially vulnerable consumers; (2) the terms of pension advance products relative to other financial products; (3) various industry practices the GAO deemed questionable; and (4) the role of federal agencies with supervisory, regulatory, and enforcement authority over this industry.

In the Report, the GAO makes the following recommendation for FTC action: that the Chairwoman of the FTC review pension advance companies and the practices that the report highlights as questionable, and exercise oversight as appropriate.

The FTC reviewed a draft copy of the Report and submitted staff comments to the GAO. Further, on May 19, 2014, Jessica L. Rich, Director of the Commission’s Bureau of Consumer Protection, submitted a response to the GAO. The response stated that the agency shares the GAO’s concerns about the pension advance industry and will review the industry and its

practices and take law enforcement action if warranted. It advised that such efforts would be coordinated with the Consumer Financial Protection Bureau (“CFPB”) as appropriate and that the FTC would accelerate its pre-existing plans to publish consumer education materials to assist consumers considering pension advances.

FTC Response

The FTC has undertaken several efforts in accordance with the GAO’s recommendation. First, as stated in Director Rich’s response, the FTC published consumer education on pension advances. The advisory, issued on June 19, 2014, identifies issues for consumers to consider and on which to seek information before taking out a pension advance, such as cost, effective interest rate, and tax implications.¹ It also warns consumers that unlike other types of financing, pension advances require consumers to sign over part of their future income stream, and advises consumers to contact their pension administrator, to check for complaints against the company offering the advance, and to explore alternatives to pension advances.²

In keeping with Director Rich’s response and the GAO’s recommendation, the FTC conducted a review of the pension advance industry, focusing on practices identified as problematic in the Report. FTC staff reviewed consumer complaints relating to pension advances in the FTC’s Consumer Sentinel Network complaint database³ and reached out to consumers who had complained.⁴ Agency staff also reviewed pension advance advertising

¹ FTC Staff, *Pension Advances: Not So Fast* (June 19, 2014), available at <http://www.consumer.ftc.gov/articles/0513-pension-advances-not-so-fast>.

² The agency also published a post on its Consumer Information Blog highlighting the costs associated with pension advances and directing consumers to its June 19, 2014 advisory. Colleen Tressler, *Pension Advances Come at a Very Steep Price* (July 28, 2014), available at <https://www.consumer.ftc.gov/blog/pension-advances-come-very-steep-price>.

³ The Consumer Sentinel Network provides law enforcement members with secure, online access to consumer complaints submitted directly to the FTC, as well as to complaints shared by over 30 data contributors, including the CFPB, 14 State Attorneys General and all North American Better Business Bureaus.

⁴ As noted in the Report, the Commission and numerous agencies with authority over the pension advance industry identified very few consumer complaints about pension advances. GAO, *PENSION ADVANCE TRANSACTIONS: Questionable Business Practices Identified* (GAO-14-420) (July 7, 2014), at 28, 34.

materials of numerous companies. In addition to these activities, the FTC has continued its previous efforts in consulting with other law enforcement and consumer protection partners about pension advances, including the CFPB, the New York Department of Financial Services,⁵ and the National Association of Attorneys General.

The FTC shares GAO's concerns about the pension advance industry and recognizes the potential risks posed by pension advances because they require retired consumers to sign over part of their future income stream. The FTC has authority to act in the interest of all consumers to prevent deceptive or unfair acts or practices, pursuant to the Federal Trade Commission Act, 15 U.S.C. §§ 41-58. Under Section 5 of that statute, 15 U.S.C. § 45, a representation, omission, or practice is *deceptive* if it (1) is likely to mislead consumers acting reasonably under the circumstances; and (2) is material, that is, likely to affect consumers' conduct or decisions with respect to the product at issue. An act or practice is *unfair* if the injury to consumers it causes or is likely to cause (1) is substantial; (2) is not outweighed by countervailing benefits to consumers or to competition; and (3) is not reasonably avoidable by consumers themselves. The FTC also has authority to enforce the Truth In Lending Act, 15 U.S.C. § 1601, *et seq.*, to ensure that consumers receive proper disclosures before availing themselves of certain extensions of credit.

As part of the agency's broad consumer protection mandate, the FTC will continue to monitor the pension advance industry and take law enforcement action as warranted. In determining whether to take enforcement or other action in any particular situation, the Commission may consider a number of factors, including the type of violation alleged; the nature and amount of consumer injury at issue and the number of consumers affected; and the likelihood of preventing future unlawful conduct and securing redress or other relief.

⁵ On May 7, 2013, New York announced that its Department of Financial Services launched investigations into ten pension advance companies. Press Release, Andrew Cuomo, Governor of New York, *Governor Cuomo Launches Investigation into "Pension Advance" Schemes That Put Seniors, Military Veterans at Risk* (May 7, 2013).

The Honorable Thomas R. Carper and The Honorable Tom Coburn – Page 4

Conclusion

The Commission appreciates the GAO's efforts to examine the pension advance industry and the recommendation it offered to the FTC. The FTC takes seriously its responsibility to protect retirees from financial exploitation.

By direction of the Commission.



Donald S. Clark
Secretary

cc: Steven M. Lord, Managing Director
Latesha Love, Assistant Director
Government Accountability Office
Forensic Audits and Investigative Service

Stacy Canan, Deputy Assistant Director
Consumer Financial Protection Bureau
Office of Financial Protection for Older Americans



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

Office of the Secretary

September 5, 2014

The Honorable Darrell E. Issa
Chairman
The Honorable Elijah Cummings
Ranking Member
Committee on Oversight & Government Reform
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Issa and Representative Cummings:

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