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## United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

August 8, 2013

The Honorable Edith Ramirez  
Chairwoman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Chairwoman Ramirez:

As Chairman of the Senate Special Committee on Aging, I have heard from many ordinary Americans who have become victims of fraud, misleading marketing, and deceptive sales practices. I am keenly aware of the financial, emotional, and physical toll that such schemes have on seniors. The Federal Trade Commission (FTC) is engaged in many admirable, ongoing efforts to bolster consumer protections in these areas. I write to comment upon your agency's draft four-year (2014-2018) strategic plan, and the pending Telemarketing Sales Rule (TSR).

The important work being done by the FTC on identify theft is crucial. The Committee has conducted several oversight hearings this year at which the issue of identity theft was a primary factor in the fraud being perpetrated. Identity theft is reaching epidemic proportions, and affects Social Security payments, Medicare recipients, and those citizens who are due legitimate tax refunds from the Internal Revenue Service (IRS). Thousands of unwitting Americans have their identities stolen every week, and often those affected are condemned to months or even years of burdensome efforts to try and restore their damaged credit history, or straighten out huge bills for items they never purchased or authorized. I hope that the FTC will continue in its strategic plan to place an emphasis on combating the insidious crime of identity theft in all its various forms.

The Committee also has identified concerns with fraud associated with pre-paid cards, whose regulation and security are not as rigorous as they should be. Our recent hearings on Jamaican phone scams, and the drive to eliminate the paper delivery of Social Security payments ("Go Direct") both identified how criminals use various types of pre-paid cards to commit fraud. These cards have been used to illicitly transfer millions of dollars from the U.S. to thieves abroad, none of whom have yet been extradited to face trial in the U.S. for their crimes. I encourage the FTC to continue to investigate the marketing of these cards, and safeguard those consumers who choose to utilize them. Such efforts should include working closely with the Consumer Financial Protection Bureau, which is charged with regulating products of this type.

I support the proposed changes to the TSR, which addresses the issue of "cash reload mechanisms," where consumers are forced to provide telemarketers with the pin number of their

cash reload product. The rule would stop this practice and establish other safeguards to protect seniors from abusive and unscrupulous telemarketers.

Misleading telemarketing plays a major role in the type of fraud perpetrated in the area of precious metals sales, on which your agency has performed some outstanding enforcement work. The level of apparent fraud in this industry, especially in my home state of Florida, is disturbing and must be curtailed. The Committee will continue to work with your agency to investigate, expose, and educate the public to the dangers of misleading and unfair practices in the precious metals industry. Some precious metals dealers have been found to not hold the metal they claim to store on behalf of consumers, all while they impose high fees and unfair credit terms for the purchase of the metals, which often leads to significant losses for the unsuspecting consumer. Many of these companies simply close up shop and re-open elsewhere under a different name, sometimes victimizing the same customers who they have already cheated. I urge the agency to continue its efforts in protecting consumers from these operations.

The FTC's recent victory over fraudulent payday lending companies reflects the Committee's concern about these practices, as examined in our recent oversight hearing on various aspects of storefront, online, and bank-sponsored payday lending and deposit advance practices. Many Americans fall into a cycle of debt after becoming involved with payday lending, as one such senior consumer testified at the Committee's hearing. I urge the agency to continue monitoring unacceptable lending practices in this large and growing industry.

Debt collection companies must also not be allowed to continue to harass, threaten, or lie to Americans trying to make good on their debts. Many of the people targeted for these aggressive tactics are seniors in dire conditions, with no one to look after their financial interests. I am aware that the FTC has taken notable enforcement actions in this area recently, but even more needs to be done to rein in these companies which are operating outside the law and menacing helpless consumers.

Thank you for your continuing attention to these critical consumer protection issues.

Sincerely,

Bill Nelson  
Chairman