



Federal Trade Commission

Opening Remarks & Introduction of Keynote Speaker

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I. Introduction

Good morning everyone. Thank you so much for coming to our first Common Ground Conference in St. Louis. I am delighted to be here with you to discuss the consumer protection issues facing consumers in the Midwest, particularly here in Missouri and Southern Illinois.

First, I want to echo what Steve Baker said – thank you so much to the Washington University School of Law for providing us with these beautiful facilities. I also want to thank Steve Wigginton and the U.S. Attorney’s Office for the Southern District of Illinois for teaming up with us to put on this conference. Steve and his office have been exceptional partners for many years now, prosecuting scores of FTC civil fraud defendants and sending them off to federal prison where they belong.

¹ The views expressed here are my own and do not necessarily represent the views of the Federal Trade Commission or any Commissioner. Special thanks to Molly Crawford for assisting in the preparation of these remarks.

And I must single out for special mention Bruce Reppert, the Chief of Steve's Fraud & Corruption Unit, and one of the first recipients of the FTC's Criminal Liaison Unit Award. More than ten years ago, Bruce was one of the first federal prosecutors in the country interested in mass marketing fraud prosecutions, and we simply cannot thank you enough, Bruce, for all the great work you have done following up on our civil cases with criminal prosecutions. You will hear a lot more about that work tomorrow in the law enforcement only portion of the conference.

And of course, federal prosecutors could not do the work they do without the support of their outstanding investigative agencies and the U.S. Postal Inspection Service, which I know has many representatives here today and has been a great friend of the FTC's Criminal Liaison Unit.

II. Our Shared Goals

So why are we here? Over the past few years, the FTC has hosted or co-hosted Common Ground events like this all over the country to strengthen our ties with state and local partners, gain a better understanding of what consumers are experiencing in different parts of the country, and make concrete plans for working together.

The FTC has many tools to protect consumers, but we need help and collaboration so we can target our enforcement and educational efforts effectively, reach the different communities that need our attention, and leverage our resources through teamwork. We recently held similar events in California, Nevada, and North Carolina, and we've got upcoming events planned in New Mexico, Michigan, and Washington State – and yes, we have to do it on a shoestring these days, but it's a remarkably worthwhile investment.

For our part, the FTC uses four basic approaches to accomplish its consumer protection mission, and I suspect you engage in many of the same activities.

• **First** is law enforcement. In addition to enforcing the FTC Act, which prohibits deceptive and unfair practices, we enforce a broad array of more specific laws and rules – the Telemarketing Sales Rule, Do Not Call, CAN SPAM, the Fair Credit Reporting and Gramm Leach Bliley Acts, the Children’s Online Privacy Protection Act, the Truth in Lending and Fair Debt Collection Practices Acts, and many others.

We do a lot of our enforcement alongside state and federal partners. We derive huge benefits from the complementary relief we can obtain, the pooled brainpower and resources, and, often, the increased deterrence when we do a big sweep together or even when we do a single case and regional news outlets pick up the story. And, although everything I’m discussing is civil enforcement, we enhance that enforcement by making referrals of appropriate cases to criminal partners and working closely with them on criminal prosecutions.

• **Second**, we educate consumers and businesses so that we can prevent fraud and deception before they occur. Our materials are all available on our website consumer.gov, or (in Spanish) consumidor.gov. One key thing I want to emphasize about our education is that we want partners to *plagiarize* them. But we don’t consider this plagiarism. We believe that if law enforcement partners and community groups take our materials and brand them as their own, they are more likely to reach the communities that we all need to reach.

• **Third**, we engage in a broad array of policy work to promote stronger consumer protections and effect change. We develop reports on important consumer issues, like last year’s reports on debt buyers and online consumer disclosures, press for new laws, and hold workshops and Common Ground Conferences like this to highlight consumer protection problems and identify creative solutions and ways to collaborate.

• **Finally**, the FTC hosts Consumer Sentinel, a database that takes in complaints from consumers and a variety of partners, and makes them available for law enforcement. If you're a federal, state, or local law enforcement agency and aren't already a member of Sentinel, please join. FTC staff is happy to provide training on how to use it. And please encourage any consumer who has been victimized to file a complaint in Sentinel. It often is the first place that the FTC and other law enforcers look when deciding whether to launch an investigation.

Those are the tools we use and we offer as partners. We are eager to hear more about your tools and activities throughout the day.

III. Topic Areas

The panelists today and tomorrow will discuss a broad range of consumer protection topics. Talking about these topics could get pretty depressing, except that we are on a shared mission to stop these pernicious practices. They include:

- frauds targeting immigrants and Spanish-speaking communities;
- mortgage relief scams;
- money transfer scams;
- identity theft and credit reporting violations;
- deceptive auto ads and other tactics by unscrupulous auto dealers;
- payday lending and debt collection abuses;
- cross border scams; and
- robocalls.

These are all huge priorities for the FTC and clearly of everyone else here. I can proudly say the FTC has brought hundreds of cases in this area, but I'll also readily admit we haven't won the war. I know everyone is eager to get to the panels, but I'd like to just highlight

a few FTC developments of particular interest and relevance as we discuss working together.

First, like all of you, we are incredibly concerned **about scams affecting immigrants and Spanish-speaking consumers**. Scammers love to target immigrants, who may not know the language and may not have immediate access to resources in the community to help them spot and avoid fraud. Many immigrants are also hesitant to contact law enforcement for help, making it especially hard to stop this kind of fraud.

So, in addition to bringing law enforcement in this area – stopping such scams as notario fraud and business opportunities aimed at this population – the FTC is doing everything it can to reach out to these consumers through special Common Grounds Conferences with community and advocacy groups – two recently in North Carolina and California. We are calling our outreach efforts in this area the “Every Community” project and we are really ramping it up, with the strong support of our Chairwoman, Edith Ramirez.

Also, with the help of legal services advocates, the FTC has put together a toolkit available at consumer.gov/immigranthelp. The toolkit provides resources on scams in this area for both immigrants and the advocates working with them. We encourage all of you to check it out.

I also want to highlight **auto issues** as an area where state and local collaboration would be especially valuable. This is a hugely important area for the FTC and consumers. For most consumers, buying a car is one of the biggest financial transactions they will ever make. Sadly, though, this is an area where deception is rampant.

The Dodd-Frank Act gave the Commission additional authority with respect to auto dealers, and we are taking this mandate seriously. For example, in January, we announced *Operation Steer Clear*, a nationwide sweep against deceptive auto dealer ads touting false claims

of “no money down,” low monthly payments, and even a phony sweepstakes. We are currently in the process of planning additional enforcement in this area, this time with state partners. This is a great opportunity because auto dealers often operate regionally and these cases get a huge amount of attention – and attention means deterrence – at the state and local level.

In addition, **mortgage assistance relief** has been a priority area of enforcement for the FTC and, as you know, the states can and do enforce the new MARs rule. The FTC has brought about 70 cases in this area, many as part of sweeps and in conjunction with our state partners. This continues to be a fruitful area of collaboration as these scams continue to plague consumers already down to their last dollar.

And, of course, deceptive **payday lending** is a big area of concern. In the past couple of years, we have filed a dozen cases involving the payday lending industry. Several cases challenged, for the first time, the defendants’ attempts to evade prosecution through loose affiliation with Native American tribes, and many involved debt collection violations.

For example, in its ongoing action against *AMG Services*, the Commission alleged that defendants piled on undisclosed and inflated fees, and collected on loans illegally by threatening borrowers with arrest and lawsuits. Recently, the court handed the Commission two significant victories in that case and, indeed, in the larger fight against deceptive payday lending. First, it found that these lenders remain within the reach of federal law even when they claim immunity for prosecution due to an affiliation with Native American tribes. Now, I know there are still many problems with applying state law in this area, but at least we have now shown that federal consumer protections apply. So please think of the FTC if you come across similar scams.

Also, in January, the Magistrate Judge issued a summary judgment report and recommendation, finding that the defendants’ payday loan contracts were deceptive as a matter of

law. He said that the key contract provisions were, among other things, “buried,” “confusing,” “convoluted,” “in fine print,” and similar descriptors that should sound familiar to all of you working on these issues. The ruling has significance because many payday lenders have been using the same provisions in their contracts with consumers – contract terms that the Magistrate Judge has now found to be illegal.

IV. Introduction of the First Keynote Address

And now it is my pleasure to introduce our first keynote speaker for the day. We are so pleased that Illinois Attorney General Lisa Madigan has agreed to provide a keynote address at her third consecutive Midwest Region Common Ground Conference.

As you know, Attorney General Madigan has been a national leader among the state Attorneys General in protecting consumers during the financial crisis. Under her leadership, the Consumer Protection Division of the Illinois Attorney General’s Office has established a national reputation for aggressively safeguarding consumers from mortgage scams and other types of financial fraud.

During her nearly twelve years as the Illinois Attorney General, Lisa Madigan has also been a great friend of the FTC. Our Midwest Region office in Chicago, for example, recently teamed with Attorney General Madigan’s Office, and the AGs of Kentucky and North Carolina, to take down Fortune Hi-Tech Marketing, a massive pyramid scheme that operated throughout the country, particularly targeting immigrant and Spanish-speaking communities. I’m happy to report that earlier this week, a federal district judge in Kentucky approved a settlement in that case that will divest the defendants of much of their wealth and provide for almost \$8 million in restitution to the scheme’s victims.

That case is just one of many examples of the cooperative relationship the FTC has enjoyed with Attorney General Madigan's office. As part of our Chicago Fraud Task Force, we jointly plan enforcement and consumer education initiatives, including our extremely popular Shred Day event at Chicago's United Center. After the adoption of the FTC's MARS Rule, we teamed with Attorney General Madigan's Office and the Illinois Attorney Registration & Disciplinary Commission to address the problem of attorneys fronting for MARS providers in order to circumvent the Rule's ban on up-front payments. Attorney General Madigan then brought some of the first cases in the country against attorneys playing that role.

She clearly is at the forefront of the consumer protection community – I'm proud to introduce Illinois Attorney General Lisa Madigan.