



Federal Trade Commission

Prepared Remarks

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Hello. Thank you for including the FTC in this terrific event. You've got an impressive agenda, including the keynote from Senator Tim Kaine, an active member of the Senate Aging Committee and a big supporter of the FTC's work to stop scams targeting older people.

This is a great opportunity for me because your organizations provide critical information to important FTC audiences, and also open a window to what's affecting people in the communities you serve. It's a top priority for the FTC to hear from people in every community, to inform people in every community about their consumer rights, and to enforce the consumer protection laws for the benefit of every community.

The FTC's Bureau of Consumer Protection, where I am the Director, consists of more than four hundred attorneys, investigators, and other staff. We investigate and stop consumer fraud, protect people's privacy, and promote truth in advertising. We also take complaints from

¹ The views expressed here are my own and do not necessarily represent the views of the Federal Trade Commission or any Commissioner.

people who think they've been wronged or harmed by businesses, and provide free information about their consumer rights.

Today, I'm going to talk about fraud. In recent years, we've brought an enormous number of cases to stop scam artists, shut down their operations, and put money back in consumers' pockets. Fraud gets in the way of economic opportunities and deprives communities of their money, time, and resources. And while fraud touches people of all ages, backgrounds, incomes, and locations, certain groups are targeted more frequently.

Sometimes it's older people. Sometimes it's people from different racial, ethnic or national origins. It may be people that don't speak English as their first language, or it may be members of the military. It can be any group for which scam artists figure out an "angle."

A few years ago, we conducted a national survey to identify trends in fraud.² It showed that African Americans were almost twice as likely to have experienced fraud as non-Hispanic whites. Over 17 percent of African Americans were victims, compared to 9 percent of non-Hispanic whites. And Hispanic people were almost 50% more likely to be the victims of fraud. Both groups – African Americans and Hispanics – were more likely than other groups to have been the victims of debt-related frauds.

Because fraud affects every community, the FTC is making a concerted effort to ensure that our fraud prevention efforts – both law enforcement and education – are reaching every community, including groups that may have been under-served in the past. We call this our *Every Community* initiative. Let me tell you about some of the things we're doing. It's just a sample. Most of our fraud cases benefit people from diverse backgrounds. And notably, since 2003, we've brought 73 cases against scams targeting Spanish speakers.

² *Consumer Fraud in the United States, 2011: The Third FTC Survey* (Apr. 2013), available at <https://www.ftc.gov/reports/consumer-fraud-united-states-2011-third-ftc-survey>.

One area where people can fall prey to scam artists is health care. Scammers posing as health insurance brokers promise to provide coverage similar to that of traditional health plan but actually just steal their victims' money.

That happened in the FTC's case against Partners in Healthcare.³ The defendants allegedly targeted people who needed health insurance or were paying high premiums because they had lost their jobs or had pre-existing medical conditions. The defendants ran radio ads – some in Spanish – falsely claiming the discount card was a qualified health plan under the Affordable Care Act and providing a number to call. People who called were assured that the “insurance” would pay for doctor and emergency room visits, and other services, with very low co-pays or deductibles. But instead, after paying an enrollment fee and monthly payments ranging from \$99 to several hundred dollars, we alleged victims received nearly worthless “discount cards” and were left uninsured. The FTC filed a lawsuit to stop this scam. Some of the defendants have settled the case, agreeing to a ban on selling *any* healthcare-related products. Others are still in litigation.

One way that the Partners in HealthCare defendants gained the trust of their victims was by implying they were affiliated with the Affordable Care Act, or “Obamacare.” In the last several years, we've seen a significant rise in these types of imposter tactics. Last year, imposter scams were the third most reported complaint category to the FTC, with over 353,000 complaints.⁴ And the vast majority of them were government imposter scams.

³ *FTC v. Partners in Health Care Association, Inc.*, No. 1:14-CV-23109 (S.D. Fla. filed Sept. 12, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3122/partners-health-care-association-inc>.

⁴ See *Consumer Sentinel Network Data Book for January - December 2015* (Mar. 2016), available at <https://www.ftc.gov/reports/consumer-sentinel-network-data-book-january-december-2015>.

That brings me to my next example, which involved a company called FTC Credit Solutions.⁵ Yes, a scam artist was posing as the FTC! This scam allegedly targeted people who found themselves in a difficult financial position and had problems with their credit. It claimed to be affiliated with, or licensed by the FTC, and falsely promised – sometimes in Spanish – that it could remove negative information from peoples’ credit reports, and guarantee consumers a credit score of 700 or above within six months. Instead, we alleged it took people’s money, didn’t repair their credit, and left them worse off. We took aggressive action, obtaining a temporary restraining order and freezing the defendants’ assets. Ultimately, the defendants settled with the FTC, and we obtained a judgment of \$2.4 million as well as an injunction preventing them from selling or advertising credit repair services.

Con artists also are experts at exploiting people looking for an honest income. Here’s an example. A company named Oro Marketing called Spanish-speaking women on the phone and told them they could make money reselling brand-name goods like Gucci and Ralph Lauren that Oro would supply at a discount.⁶ But instead of providing legitimate products, we alleged the defendants charged hundreds of dollars for shoddy, generic products. When consumers refused to pay the charges, the defendants allegedly threatened them with arrest, phony lawsuits, and referral to immigration authorities. The FTC put a stop to the defendants’ activities by going to court, and getting a temporary restraining order that included a freeze of defendants’ assets and the appointment of a receiver to take over the business. Oro Marketing and the other defendants are now banned from telemarketing.

⁵ *FTC v. First Time Credit Solution, Corp. d/b/a FTC Credit Solutions*, No. CV15-01921-DDP-PJW (C.D. Cal. filed Mar. 27, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/152-3114/first-time-credit-solution-corp-ftc-credit-solutions>.

⁶ *FTC v. Oro Marketing Inc.*, No. 2:13-CV-08843 (C.D. Cal. filed Jan. 2, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3047-x140010/oro-marketing-inc-et-al>.

Another common type of deception involves educational opportunities. Education can be a key to financial success and a better life. But some schools lure people into costly educational programs by making unsupported claims about good jobs and higher earnings. Many of these schools specifically target communities seeking to improve their opportunities, including veterans and servicemembers who may have scholarship funds to do just that.

We recently filed a lawsuit against DeVry University.⁷ We charged DeVry with making deceptive claims about its programs, including that 90 percent of graduates actively seeking employment landed jobs in their field within six months of graduation, and that graduates had 15 percent higher incomes on average one year after graduation than the graduates of other colleges or universities. That case is ongoing.

Those are just a few examples of frauds targeting the different communities we protect. We've also shut down sham charities,⁸ illegal robocall operations,⁹ phony business opportunities,¹⁰ and fake debt collectors.¹¹ And we've got more in the works. You can follow our case announcements by signing up for scam alerts at www.FTC.gov.

⁷ *FTC v. DeVry Education Group Inc.*, FTC Matter No. 132 3278 (C.D. Cal. filed Jan. 27, 2016), available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3278/devry-university>.

⁸ See, e.g., *FTC v. Cancer Fund of America, Inc. et al.*, No. CV15-884 PHX NVW (D. Az. filed May 18, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3005/cancer-fund-america-inc>.

⁹ See, e.g., *FTC v. Caribbean Cruise Line, Inc. et al.*, No. 0:15-cv-60423 (S.D. Fla. Mar. 4, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3196/caribbean-cruise-line-inc>; *FTC v. Worldwide Info Servs., Inc.*, No. 6:14-cv-8-ORL-28DAB (M.D. Fla. Nov. 13, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/132-3175/worldwide-info-services-inc>; *FTC v. All Us Marketing LLC*, No. 6:15CV1016-ORL-28GJK (M.D. Fla. June 29, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3256/all-us-marketing-llc-formerly-known-payless-solutions-llc>; *FTC v. Lifewatch, Inc.*, No. 1:15-cv-05781 (N.D. Ill. June 30, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3123/lifewatch-inc>.

¹⁰ See, e.g., *FTC v. The Online Entrepreneur, Inc.*, No. 812-cv-2500-T-27MAP (M.D. Fla. July 30, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3186/online-entrepreneur-inc-et-al>; *U.S. v. Business Recovery Services, LLC*, No. 2:11-cv-00390-JAT (D. Az. Sept. 30, 2013), available at <https://www.ftc.gov/enforcement/cases-proceedings/1123009/business-recovery-services-llc-et-al>; *U.S. v. The Zaken Corp.*, No. CV12-09631 (C.D. Cal. Oct. 21, 2014), available at <https://www.ftc.gov/enforcement/cases-proceedings/122-3293/zaken-group-also-dba-zaken-corporation-quicksell-quicksell>.

¹¹ See, e.g., *FTC v. Centro Natural Corp.*, No. 14:23879-CIV-ALTONAGA/O'Sullivan (S.D. Fla. June 30, 2015), available at <https://www.ftc.gov/enforcement/cases-proceedings/142-3159/centro-natural-corp>.

In addition to law enforcement, consumer education and outreach are important elements of our *Every Community* initiative. For example, in the past few years, we've held 31 outreach events around the country, called *Common Ground* conferences, to bring together law enforcers, advocates, and community leaders to discuss issues affecting their communities. Upcoming events will be in Detroit, Richmond, New York City and the Midwest.

We've also held events focusing specifically on issues affecting African Americans and Latinos. In May 2015, the FTC and the NAACP co-hosted "Obstacles to Economic Opportunity: Examining Frauds that Affect the African American Community" in Atlanta.¹² We also worked with the NAACP to create a page on our website at www.FTC.gov/NAACP with information about scams targeting the African American community. And in October 2014, we held a conference in southern California exploring debt collection and the Latino community.¹³

We're also working with New America Media to host a series of roundtable discussions with ethnic media outlets. We've held about a half dozen so far, and they've been great for introducing the FTC and its consumer protection mission to journalists who may not have heard of us. The hope is that those journalists, in turn, will inform their communities, which include immigrants, about how to avoid fraud, and report it at www.FTC.gov.

I also want to add that, for more than a decade, we've translated *all* of our consumer materials into Spanish. Occasionally, we also create materials primarily with Spanish-speakers in mind. My favorite example is our series of fotonovelas, short graphic novels that tell a story while they teach about consumer protection issues.¹⁴ We've published fotonovelas about buying

¹² *Obstacles to Economic Opportunity: A Joint Conference of the FTC and the NAACP Examining Frauds that Affect the African American Community*, May 19, 2015, available at <https://www.ftc.gov/news-events/events-calendar/2015/05/obstacles-economic-opportunity-joint-conference-ftc-naacp>.

¹³ See, e.g., FTC Workshop, *Fraud Affects Every Community*, Oct. 29, 2014, available at <https://www.ftc.gov/news-events/events-calendar/2014/10/fraud-affects-every-community>.

¹⁴ See <https://www.consumer.ftc.gov/features/feature-0031-fotonovelas>.

a car, notario scams, debt collectors, income scams and government grant scams, with more to come. So far, we've distributed almost a million copies of the fotonovelas. I hope you'll check them out.

It's also important to know that all of our materials are in the public domain. You can post them on your site, link to them, adapt them, whatever! You can order free print publications, in bulk, to share in your community at www.FTC.gov/bulkorder.

We're also creating consumer education videos that highlight the experiences of real consumers. These videos not only seek to tell a story, but to encourage others to talk about their own experiences and report the fraud they uncover in their communities. Today, I'm happy to share – for the first time ever – our newest video, the story of Maria Juarez. Maria primarily speaks Spanish.¹⁵ The video is subtitled in English.

There are more videos coming in this series, and you can find them at www.ftc.gov/everycommunity. I hope you'll put this video on your website, or link to it in a story. You're a trusted source in your community, and you can help your communities trust us and come to www.FTC.gov to report fraud. We want to hear from every community, and we want your help.

Thank you for having me here today.

¹⁵ See *Fraud Affects Every Community: Imposter Scams (Spanish with English Subtitles)*, Mar. 10, 2016, available at <https://www.consumer.ftc.gov/features/every-community>.