FTC Fraud Affects Every Community Workshop
October 29, 2014
Segment 1
Transcript

[CHATTER]

PATRICIA POSS: We're going to go ahead and get started. You can all take your seats. Welcome. Good morning.

My name is Patty Poss. I'm an attorney in our Division of Marketing Practices here at the Federal Trade Commission. I want to thank you for coming to what promises to be a very exciting day here at the agency. It's wonderful to have all of you here. We have many voices here from many different communities, coming together to talk about a very important topic -- how fraud affects various communities.

Before we begin, I have a few required remarks. So please wear your name badge throughout the day. There is an overflow room on the third floor if we need it today. It's just directly below us. You can take the elevators and go down to it. There will be monitors down there where you can view the sessions.

There is a cafeteria on the seventh floor. It's "Top of the Trade." Coffee is available there. You just go up the elevators and take it to the seventh floor.

At lunchtime, you may purchase lunch there or you may leave the building. You can go up 6th or 7th Street. There are restaurants up there. But please know that if you leave the building, you will be required to go back through the security screening, so allow time at lunch to make it back up here.

The restrooms are located just outside on each side of the elevator-- there's a sign there-- and same on the third floor. If an emergency occurs that requires you to leave the conference room but remain in the building, follow the instructions that we'll hear over the public announce system. If an emergency occurs that requires an evacuation of the building, an alarm will sound.

Everyone should leave the building, go through the ground floor exits, and after leaving, we'll cross Constitution Avenue and proceed to the FTC emergency assembly area located along the sidewalk on the south side of Constitution Avenue. It's near the National Gallery of Art over there. Remain there until instructed that it's safe to return to the building.

If you notice any suspicious activity, please alert the building security. Please be advised that this event may be photographed, webcast, or recorded and by participating in this event, you are agreeing to having your image or anything you say or submit may be posted indefinitely on FTC.gov or on one of the Commission's publicly available sites. So we have very full panels and we do want to get to questions.

For those of you who are in the room, there are question cards that were available on that desk when you came in. You may pick those up, write your questions on those cards, and give them to FTC staff who will be walking around. But they should have a badge that says FTC, or you can just hold them up and they'll come and pick them up. And they will bring the questions to the moderators.

Same on the third floor. They'll be staff picking those up. And we do apologize in advance if we can't get to all of the questions. I expect we'll have quite a few.

I do want to say a special welcome to everyone watching this event via the webcast. We know the travel funds were tight for a lot of the organizations who wanted to participate here today and we appreciate your participation, especially those who are on the West Coast, as this is quite early this morning. For those of you who are participating by webcast, you can email your questions to everycommunity@FTC.gov or Tweet it to #FTCFAEC. And we do also have Wi-Fi available for those in the room. There's a password on the table back there.

So with that, I would like to introduce the chairwoman of the FTC, Edith Ramirez. Chairman Ramirez was sworn in as the commissioner in 2010 and she became our chairwoman in 2013. As you will hear, Chairman Ramirez has been a strong supporter of the FTC's fraud enforcement programs, particularly as we work to protect consumers from a variety of different communities throughout the country. We're very pleased to have her share her thoughts with you this morning as we start this important day. Chairman Ramirez?

EDITH RAMIREZ: Thank you very much, Patty. And good morning and welcome to all of you here this morning. I want to thank you all for joining us today and engaging in a very important discussion examining how fraudulent practices in the marketplace affect our many different communities and how we can all work together to better protect them.

This discussion is especially important to me because it really does go to the heart of what we do here at the Federal Trade Commission and our consumer protection mission. And more importantly, it goes to the heart of how we can best fulfill that consumer protection mission. We recently launched what we call the Every Community initiative to take a very fresh look at how the FTC can ensure that our work reaches all consumers in the many communities that we serve.

As all of you are well aware, the country has undergone sweeping demographic changes over the last several decades. Our population is getting larger, it's getting older, and it's becoming increasingly ethnically and racially diverse. And as the face of the American consumer changes, so must the FTC, by examining how we can employ our tools to better protect our diverse communities, including those who experience the market differently, those who may be hit the hardest by illegal conduct, and those who may be the most challenging to reach. For example, just last week I was out in Los Angeles where we co-hosted a roundtable with the CFPB to examine issues relating to debt collection and its impact on Latinos, and particularly those with limited English language proficiency. And we're also considering how the FTC can work better to understand and protect other communities that are impacted by the illegal conduct that we prosecute, including seniors, veterans and service members, African Americans, Asian Americans, Native Americans, immigrants, and low-income consumers.

In undertaking this effort, there's no better place to start than consumer fraud because it's been a longstanding bedrock priority for the FTC. For decades, we've worked aggressively to combat a wide variety of fraudulent operations, from those falsely promising financial relief and opportunities to struggling consumers to those deceptively pitching pills for phony weight loss scams or other supposed health benefits. And we've used our many tools to protect consumers from these sorts of frauds, including law enforcement, consumer education, outreach, and research.

Unfortunately, however, fraud remains a far reaching problem in this country. The FTC's bureau of economics reported in a recent survey that in 2011 alone 10.8% of US adults or 25.6 million people were victimized by fraud. Importantly, our economists found that some consumers were more likely to experience fraud than others-- for example, consumers hit by a serious negative event such as a family death, those with limited numeric skills, and those with more debt than they could handle. The survey also found that 17.3% of African Americans and 13.4% of Latinos reported experiencing fraud, as compared to 9% of non-Hispanic whites. And through our law enforcement, we've also observed that some scams are likely to affect certain communities in larger numbers and that some even specifically target particular populations.

The commission has a long history of paying close attention to these sorts of trends. For example, back in 2004, then FTC chairman Tim Muris launched a Hispanic Law Enforcement initiative to explore strategies to deter and stop fraud targeting Latinos and to create effective consumer education for Latino communities. And since 2004, the FTC has brought approximately 70 cases against companies that have targeted Spanish speakers. Our law enforcement actions have, for instance, stopped marketers from making false promises of mortgage assistance, credit card debt relief, and income opportunities to Latinos. The FTC has also brought a number of actions involving fraudulent operations that disproportionately affected other groups, like medical discount and price promotion scams that target seniors.

And beyond our law enforcement efforts, we've engaged in extensive outreach to local communities and collaboration with community groups. In 2010, we began holding what we call Common Ground conferences across the country to hear from state and local law enforcement, from legal services providers, and also from community-based organizations about what scams they were seeing. These conferences, along with our broad outreach to consumer advocates, have helped us identify law enforcement targets and spurred the creation of new consumer education materials.

Through our collaboration with community organizations, for example, we've learned about an Immigration Services scam in Baltimore called Loma International which targeted immigrants with deceptive promises of immigration assistance. With the significant help of local organizations, the FTC was able to shut down this operation. And we also created a consumer education campaign, including written materials in six languages, to help consumers avoid scams and obtain real assistance from authorized providers.

I'm very proud of the work that we've done so far, but I think that we need to redouble our efforts in order to understand how fraud may be impacting different communities and how we can tailor our efforts to account for these differences, and today's event represents an important step in that endeavor. We have a terrific program planned for you today. And I'd just like to spend a minute or two walking you through the program.

Our first panel features Courtney Jones from the Nielsen company and our former FTC chief technologist, Latanya Sweeney, who's now back at Harvard. The panel will examine what the marketplace looks like today. They're going to describe certain market segments as well as purchasing trends associated with these groups, and they'll also discuss the marketing media and sources that are most likely to reach these consumers.

Our second panel will focus on how and why fraud affect certain communities in different ways. Our panelists will describe the communities with whom they work and how fraudsters may target these groups. For example, we know from our law enforcement experience and outreach that many low-income and underserved communities struggle with housing, employment, and medical issues and that as a result, they may be more receptive to fraudulent pitches offering them relief in these areas. We want to learn more about these fraudulent practices and others that affect the communities represented by our panelists and to better understand the context in which fraud thrives.

Our third panel is going to take a deeper dive into specific case studies of particular types of fraud and the consumer groups affected by them, like tech scams that victimize seniors or real estate scams that deceive Native American consumers. In the afternoon, following lunch, you'll hear from one of my colleagues, Commissioner Terrell McSweeny, who will discuss some of our recent cases and educational efforts that touch on the issues that we're going to be exploring throughout the day.

Our fourth panel will consider the steps that we can take to improve our education and outreach. Among other things, this panel will explore how we can collaborate to ensure that our educational efforts reach all consumers. We know from existing outreach that partnering with Christian community groups is key. But it's also important that we ask how we can further build on those relationships to maximize the impact of our work.

Our final panel of the day will focus on empirical research. Our panelists plan to discuss some of the existing research on fraud and intervention programs in various communities and how we can build on this foundation. I think we can all agree that a great deal more research is needed to understand the full scope of fraud, which specific scams impact which populations, and how to develop interventions that are even more effective. So as you can see, we have a full day ahead of us.

I want to take this opportunity also to thank the FTC staff organizers who put together this event. I look forward to our discussions and I want to thank you all for being here. Thank you.

[APPLAUSE]

PATRICIA POSS: Thank you, chairman-- chairwoman. We will have our first panel. Michael, do you want to come up and we'll call the panelists forward for panel one.

MICHAEL WALLER: Well, good morning. My name is Michael Waller and it's my pleasure to introduce the next two panelists. And we're really fortunate this morning.

We have two fascinating presentations over the next half hour. And it's Courtney Jones and Latanya Sweeney. They're going to help us, through their presentations, understand broadly how marketers study different communities and how these communities interact with the marketplace. So first, let me just introduce both of them.

First is Courtney Jones. She's a vice president of multicultural growth and strategy at the Nielsen company. She's going to give us an example of the type of market research available to marketers and she's going to focus on African American communities.

And then we're going to hear from Latanya Sweeney, who's a professor of government and technology at Harvard University, and lucky for us, a former FTC chief technologist. She's going to talk about her fascinating research into how our online experience may be defined by the community or demographic that we belong to. So why don't we get started? Courtney?

COURTNEY JONES: Thank you. Good morning, everyone. First, I'd like to thank Chairwoman Ramirez, Patty, Michael-- thank you for inviting Nielsen to participate in this very important forum today. I hope that our insights that we're able to provide help to provide a foundation for the really great programing that you have today.

Today, as Michael mentioned, I'm going to highlight some information from a report that we just recently released called "Powerful. Growing. Influential." It's our 2014 African American consumer report. Again, the focus, just for time, today is on African American consumers, but I would encourage you all-- anyone who's interested, we do have very similar profiles for Asian American communities and the Hispanic the Latino community available on our website for free download at Nielsen.com.

That's N-I-E-L-S-E-N.com. And you can go there for a free download of this report and other reports that can help. So we'll get started.

So when we look at African American buying power, we felt that it was important to really lay the landscape and help people to understand what this community represents in terms of actual financial resources. Right now, African Americans represent about $1 trillion in buying power, projected to increase to $1.3 trillion in the next few years. To put that in context, if we were to just look at African American consumers as a country and rank on GDP, African Americans would represent-- they would fall right about the 15th or 16th largest country in the world, above countries like Saudi Arabia, Switzerland, and the Netherlands. So just kind of thinking of that in context.

We think this-- or we know that these significant increases in buying power is-- there are a couple of reasons. One, we're seeing a higher attainment rate-- higher high school graduation rates, but also college graduation rates and postgraduate graduation rate. So we're seeing many more graduate degrees and doctoral degrees.

We're also seeing an increase in black-owned business receipts. Between 2002 and 2007, African American owned businesses grew 55% in their overall receipts, so that is also adding to the substantial buying power that we have. 44% of all African American households earn $50,000 or more and 23% percent of those households earn a full $75,000 or more.

Now, when we look at particular ad spending with this community-- and this is not just with black-owned media. This is all media focused on African American audiences-- we see that there's a 7% growth year to year from 2013-- or, excuse me, from 2012 to 2013-- $2.6 billion dollars spent on African American focused media, which is a very significant number, and we are seeing growth there. It only, however, represents 2% of overall advertising spending, so there's definitely room for growth there.

We are seeing these significant increases in ad spending because of that marketing sweet spot. For those of you that are marketers in the audience, you know a lot of campaigns are built around the Millennials-- the 18-to-34-year-olds. And when we look at multicultural communities, not just the African American community, the Millennial segment-- the younger segment-- represents more than about 40%. But 53% of African Americans are actually under the age of 35-- so a very important group.

Now when we look at specific media usage among African American consumers, you'll see that African Americans consume outside of their actual population, over indexing in many of the platforms, in terms of usage. When we look specifically at mobile usage, 78% of black consumers own smartphones. And one very interesting tidbit that we found in regards to advertising is that 62-- or African Americans are 62% more likely to be receptive to mobile advertising-- so those advertisements that pop up on your mobile phone. African Americans are 62% more likely to be open and receptive to those advertising messages, more so than other platforms, and definitely more than the general market.

Also, mobile video viewing among African Americans-- actually among all multiculturals, but among African Americans, specifically-- is growing. 24% mobile viewing increase year over year. And what we've found is that in using smartphones, African Americans are also much more social on these mobile platforms than the general market.

African Americans are 81% more likely to show support for a brand or a product via social media channels and 76% more likely to share their opinions across these mobile platforms. So what that says to marketers is not only is this population a very attractive population in itself, but your message is actually mobilized. It's like a microphone or a megaphone, so to speak.

And specifically with African American women, what we found that they're 80% more-- or 80% of African American women will share a product that they like. So they'll share among friends and family, meaning that your message is being amplified even more. It's not just staying with that one individual.

When we looked specifically at radio consumption among African Americans, this still remains high. Obviously with digital penetration and downloading music and streaming music, there's been some shifts in the way that people listen to music, but radio still remains high with African Americans. Actually, 92% of African Americans are reached with using the radio every week.

In the report that I mentioned, we specifically talked to individual people and wanted to ask and get their thoughts around their consumption and various media platforms. And one of the questions we asked is, why do you like your favorite radio show and radio show personalities? And one consumer said, I listen to my favorite radio show personality because they're easy to relate to and talk about topics that are important to me.

So in informing some of the things that you'll talk about later, this is something. People really relate to popular celebrities, radio personalities, and things like that. So that might be one area that you want to discuss later.

Also, when we look at specific usage, even just the radio-- so we're not talking about digital listening here-- African American listeners spend 13 hours per week with the radio. And this was very interesting to me, because I think most people feel that radio listening happens during the drive time-- so that morning drive and the evening drive. But actually, we're seeing double digit growth in the midday, from 10A to 3P, which is really when people are closest to making their purchasing decisions. So very interesting facts.

So 61% of African Americans listen outside of the home. And what are they listening to? So the top format, which isn't very much a surprise, are those urban contemporary formats-- the urban formats-- contemporary, adult contemporary, rhythmic contemporary. Those are the top formats for African Americans.

Now, when we looked specifically at television viewing and video viewing content, African Americans watch 14 more hours of television per week than any other group. That's including Hispanics, Asian American, and non-Hispanic white. So this is a very captive audience for the television audience.

But interestingly, digital video usage is also increasing. So not just on your linear television, but viewing on the mobile phones, on the tablets. We're seeing lots of simultaneous usage-- so where people are actually watching their linear television, but also viewing content on their mobile phones-- on their mobile devices. And specifically, 25 to 40 minutes per day are spent viewing video online.

And as I mentioned before, mobile viewings is up 24% year to year. This is very small to see on the bottom here, but one of the reports that I'm going to talk about later-- or share where you can get that on Nielson.com-- is our cross-platform usage report, which really dives into where viewing is happening across these multiple platforms and also the simultaneous usage that I was talking about. A lot of this growth in digital video usage is from that 18 to 34-- the younger demographics. We're seeing a lot of growth there. And again, in terms of our resources that are available-- again, these resources are free.

So if this type of information is interesting to you, please feel free to go to Nielsen.com. We also have our Nielsen news wire, which is Nielsen Wire, where you'll find a lot of our industry insights. That cross-platform report that I mentioned, also the African American report that I just mentioned, and again, our 2013 Hispanic and Latino report called the "Latina Power Shift" is also on there, and our Asian American consumer report is on there, as well.

So I hope that this information has helped. I'm happy to answer any questions later on. I think I have to turn it over to the professor now. Thank you.

MICHAEL WALLER: Thank you, Courtney.

[APPLAUSE]

And now we're going to hear from Latanya Sweeney.

LATANYA SWEENEY: So that worked. Last time I did one of these, it didn't work. So I'm pleased at that success.

As many of you have heard, my tenure as chief technologist here at the FTC has just ended. I have to tell you I'm very grateful to Chairwoman Ramirez and to the FTC for giving me the opportunity. It was fantastic. And if you ever have an opportunity to work with the FTC, I strongly recommend it.

I know you're sort of saying, what is it like here? I think in a nutshell, I would say it's like being in Spider-Man's den. I've used that analogy before.

Spider-Man is a superhero and he's the under-appreciated champion of the underdog. He uses his superpowers for no other reason than doing the right thing. And I think that's how I would describe the tireless efforts of the people at the FTC. This workshop is actually a good example, and I do thank Chairwoman Ramirez, Monica Vaca, Patty Poss, and Michael Waller for allowing me to participate.

So why did I come here? Not to talk to you about-- now I'm almost tearful. This summer we launched a summer research program here at the FTC and we brought in four brilliant fellows-- students fellows-- to do research of interest to the FTC. And so these fellows were Krista Dummet, James Graves, Paul Lisker, and Jin Yang Zang.

Now, while all the fellows worked on all the projects and we did a tremendous amount of-- I just want to let you know how hard we worked for the FTC. We had 10 weeks and we did about a year's worth of research. It was pretty amazing. And then so over time, more and more of the efforts that we've done will get to the public.

The work that I'm going to talk about today, though, is effort primarily done from Jin Yang Zang and myself. And it was motivated by our conversation with Chairwoman Ramirez and Monica Vaca. And in that conversation, we became very interested in, could we identify-- in a technical, scientific way-- different online communities and what their online experiences might be?

So we started with an anecdotal exploration of two websites. These were newspapers that have the same owner and use the same ad network to deliver their ads. It was The Miami Herald and the El Nuevo Herald. One, obviously has more English content, and the other, more Spanish content.

And the demographics of the audiences are very different. MiamiHerald.com visitors are more likely to be male, more affluent, better educated, and white than visitors to the other website. We grabbed a snapshot of ads delivered at one point in time-- 60 of those ads on the MiamiHerald.com and 51 ads on the ElNuevoHerald.com. And one of the-- and you can really see the results here, that The Miami Herald sites are more generic shopping ads from multiple advertisers while the Spanish site had more ads on phone service and fast foods. So even though they have a lot of similarities, the ads that they were seeing were quite different.

When we saw this particular ad-- we did see it on both sites, but the frequency we saw it was different. And it raised questions in our mind about the nature and character of exposure to areas that have been reported by the FTC as having the most frequently reported incidents of fraud. Now, we're not saying that this ad has fraudulent intent, but it did raise general questions in our mind, and we began to try to formulate a more generalized experiment from this anecdotal example.

The chairwoman brought up the recent report that every few years, the FTC does issue a report about consumer fraud. And from the 2011 report, the frequently reported fraud areas were weight loss products, price promotions, work-at-home programs, and debt related offers. And as she pointed out, some of the victim demographics highlight African Americans, Hispanics, and the aging population as most likely victims.

So we put together a research format and we had some research questions. Our research questions were, which online websites are more exclusive to one demographic audience than to others, and does the content of any of these websites relate to frequently reported areas of fraud? So our approach was to use a data set that records web browsing of people and navigate through that data set to see what fraud areas they might encounter.

The data set that we used was the comScore data set. It provided us a great overview. This is basically a sampling of 46,000 machines in the United States who allow their web use to be recorded and shared.

Each household had two or more-- the average household had more than two people, which gives you roughly about 100,000 people. So they installed the software. In one year, those machines visited over 150 million websites.

Then when comScore shares the data with you, obviously, it's de-identified. It doesn't have any names on it, or what have you. But one of the things that they share was every domain that was visited, the date and time, what transactions occurred, also demographics-- the kind of demographics that in social science, we're used to seeing, around race, education, age, income, household size, and whether or not children are present.

So the first thing we wanted to do to figure out which of these sites might be exclusive to a particular group was we developed an index. And the idea of the index is we would say, any web domain is more exclusive to a demographic group if a higher percentage of people from that group visited that domain than the sum of all the percentages of all the other comparable groups. So let me give you an example.

This is an example using Univision.com and Latino households visiting it. And what we see is that the line is-- this is a division. And so the numerator-- the information above the line is the percentage of the Latinos visiting Univision, divided by the percentage of all the other comparable groups who visited Univision. So it's not to say that Univision.com is only visited by Latinos, for example.

But this is a very high number. The closer that number is to 1.89, the more exclusive it is to that particular group. And so that gives us a way of looking at it. This measure was adopted from work that Lovett did earlier, many years ago, in talking about black names versus white names. So that allowed us a way to scroll down through the data.

So we started with the 4 million domains. First, we we're only interested in those that are actually popular. That is, they had to be visited by a significant-- a reasonable number of households. And of those domains that were reasonably popular, how many had this kind of group exclusivity and what groups might that be in the various combinations of the demographics?

So this is an example based on race. And what you see here is the horizontal bar at 2 is two standard deviations-- anything above that line is more than two standard deviations from the norm. We would consider that highly exclusive.

And so if you look-- and the other axis that you're looking at is also its popularity rank among that group. So that triangle in the upper left corner over there is Univision.com. It's showing us that in the case of Latinos, Univision is both a popular site and it's also highly exclusive to Latinos, which was the computation that we just saw.

What about for other communities? Well for African Americans, WorldStarHipHop.com ranked very high. And in Asian communities, indiatimes and Youku-- all of which makes a lot of sense.

Legacy.com for whites-- I'm just going to leave it there and just say, it also popped up very high. But one thing I do want to pull out is Foot Locker. Foot Locker is clearly not a website only visited by African Americans, but one of the things that was a bit of a surprise to us was that a much higher percentage of African Americans visit Foot Locker than any other demographic group.

Also, we did the same thing on all of the combinations of demographics. This is a snapshot-- I'm only going to just show you a couple. This is a snapshot based on income. And so we have these income range cut-offs. And if we look at them, we again see a pattern that gaming websites tend to be more exclusive to lower income groups and news websites are more exclusive to higher income groups.

Similarly, we can look at age, as well. And what we see there is that younger age groups and seniors tend to have more exclusive domains. And the kinds of domains you see here is that the younger age group tends to concentrate on free video streaming and education sites, while seniors are more on shopping sites.

So, so far what we've done is we've shown how to use comScore data, which was basically data that captured web browsing behaviors of a sample population in the United States. And we used the exclusivity index to identify which websites are appearing or visiting more often by certain demographic groups. But our original question is, how might that relate to fraud areas?

And so we returned back to the FTC report to look at the fraud areas that they mention. And we did a very simple thing. We just simply took key words associated right out of the report-- associated with that area of fraud-- and looked for domains that happened to actually have those words in its title or in its name. This is a very simple way to look at it.

So in the example that's shown here is what happened in price promotions. We looked at websites that had "prize," "sweepstakes," "lottery," or "winner" in its name. And then we ended up plotting for you how exclusive those sites were to one group versus another.

And we saw this sort of interesting pattern. We see that some sites were very exclusive to particular-- in this case, particular groups like blacks, Asians, or Hispanics. And some were in combinations, as you see, as well. One site which is denoted in the lower left corner-- not a part of the Venn diagram-- we found was exclusive to groups that were older than 45 and had incomes less than 25K. So it was a combination of both income and age that tended to characterize that group.

So I just wanted to give you a sample of the kind of findings that we have found. We did each of the fraud areas and so forth, but the numbers of domains are kind of small because we were looking at an exact match of the term on the name of the domain. And clearly, many sites may still have content that's in that fraud area, but not necessarily have that in its name.

So how do we go the other way? So we used a different data set that I'm just going to tell you a little bit about, because that work is ongoing, called MixRank. MixRank.com makes it its business to capture images of ads that are delivered every day over the Google ad network to millions of websites. So they just go through capturing it. You can then visit the site and ask about the ad content as well as where the ad appeared, how often that it appeared, and you get an actual copy of the ad, as well.

So we took the MixRank data and we did the same thing. We searched for the key words in the names and we came up with thousands of sites. We then looked for sites that had content they used-- that correlated with the content of those pages. And that gave us thousands of sites. And so where we are now is working-- that's how we got to one and number two.

And now where we are with it is step three there-- is how do we relate those ads back to exclusivity demographics of people? Like how-- instead of just a few ads, we now have thousands of sites. How many of those sites break up and how do they differ? And so stay tuned and look for that work as we come forward. Thank you.

[APPLAUSE]

MIACHAEL WALLER: Thank you, Latanya. And thank you, Courtney. These are very rich presentations. And as always in the case with presentations with this much depth to them, they raise all kind of very important questions. Unfortunately, we are out of time, and so we're not going to ask those right now.

But again, I want to thank you on behalf of everyone here. These are wonderful. And please stay in touch. Thank you.

[APPLAUSE]

PATRICIA POSS: All right. We're moving on to panel two. Those speakers and the moderators for panel two, can you come on up and we'll get set for that? Thank you all.

JULIE MAYER: Hi, everybody. I'm Julie Mayer, with the Federal Trade Commission, and I'm going to be co-moderating this discussion with my colleague, Yaa Apori. And as with the rest of the day, we have a really all-star cast of advocates and experts who work with a wide range of communities across the country. They're going to share what attributes of the communities they work with may place them at risk for fraud. And also, some of them will cover what kinds of fraud prevention and assistance messages are most effective for those communities.

I'll just quickly introduce everybody and then let them take the floor. Starting to my left down, we have Sarah Dewees, who is the senior director of research policy and asset building programs at the First Nations Development Institute. Then we have Charles Lowery, who is the director of fair lending and inclusion at the NAACP; Brent Wilkes, who is the national executive director of LULAC-- the League of United Latin American Citizens.

To his left is Maggie Flowers, senior program manager for economic security at the National Council on Aging. And last but not least, Marcus Beauregard, who is the-- let me see if I can get through this in one breath-- chief of the Department of Defense State Liaison Office in the Office of Deputy Assistant Secretary of Defense for Military Community and Family Policy. So a little longer than the FTC. So without further ado, I'll turn it over to Sarah, who will be presenting some slides, and just remind anyone who's speaking at the table to speak directly into the microphones, which I hope I'm doing, so the webcast folks can hear clearly.

SARAH DEWEES: Great. Good morning, everybody. Thank you, Julie.

Let's see. OK, great. It worked. As Julie mentioned, I'm Sarah Dewees. I'm with First Nations Development Institute. And I'm here this morning to talk with you about financial fraud in Native communities.

You might be surprised, but financial fraud is actually a big issue in Native communities, and I'll get into that in one minute. But first, I just wanted to take this opportunity to thank Yaa and Julie and Chairman Ramirez for this opportunity to speak about our community, because as you saw in some of this morning's presentations, there's not a lot of data about what's happening in Native American communities. Statistically, Native American people are a minority in the US. And so a lot of these larger studies actually don't shed light on the challenges and, frankly, problems with fraud that are happening in these communities, so I really appreciate the opportunity to share some of our stories.

I'm going to speak very quickly about First Nations Development Institute, just to give you a little context. We are a 34-year-old Native lead nonprofit organization. And we strengthen Native American communities and economies through three strategies-- educating, advocating, and capitalizing.

So through education, we produce reports and do conduct research, but also do a lot of trainings and community outreach. We advocate in certain policy arenas. And then finally, we are a grant maker. So we've actually made over $21 million in grants in Native communities over the last 30 years.

So I'm going to talk-- today, as I mentioned, I'm going to focus in on the issue of financial fraud. As Chairman Ramirez said, a lot of low-income communities are targeted by a broad range of frauds and disproportionately targeted by fraud. And as you know nationally, and as an aggregate whole, the Native American population is more likely to be lower income.

But you might be surprised what's been happening over the last 10 years in Native American communities. And the reason why I'm talking about financial fraud this morning is that, believe it or not, like Willie Sutton the bank robber said, people go where the money is. So you might be surprised.

There's actually a great deal of money flowing into Indian Country right now, and I'll talk a little bit about that. But specifically, what's happening is that there's a large influx of lump sum payments to individuals. And these are sometimes tribal dividend payments from tribal enterprises, whether it's gaming or oil and gas operations, but there's also been some very significant recent lawsuit settlements that I'll also try to explain.

I have to tell you, Julie, when I was given the opportunity to talk about some of these topics, and I realized I only had 10 minutes, I practiced it many times and I realized the only strategy that works is talking really fast. So I apologize in advance. [LAUGHTER] Maybe on the instant replay, you can review it if I go too fast over certain topics. So after talking about the lawsuit issues, I'll also talk a little bit about some outreach effort that First Nations Development Institute has been working on with the FINRA Investor Education Foundation and the Office of Special Trustee for American Indians in the Department of the Interior.

OK. How many people here have heard about this phenomena called per caps-- just a show of hands? OK. Oh, wow. All right. Small number.

All right. So per caps are also known as dividend payments from tribal enterprises, and I talked a little bit about that in the previous slide. I want to give some context here. There are 566 federally recognized tribes and they range in size and membership from a couple hundred people to over 200,000 people in the case of the Navajo Nation-- so tremendous diversity.

Also, geographic and economic diversity. You've got tribes located in very wealthy urban areas like Salt River Pima-Maricopa and Scottsdale. And then you've got some tribes located in very remote, rural areas, and those tribes are more likely to have higher poverty levels.

So a minority-- a statistical minority of tribes do offer per ca pita payments to their members or dividend payments from tribal enterprises. Of the 240 tribes that run 420 gaming establishments across North America, about half distribute some of the profit from those enterprises to their members in per capita payments. So again, it is a minority and I don't want to mislead people and make people think that all the problems of poverty are solved in Indian Country. That's not true.

But I'm here today to talk about this sort of segment of the population that's receiving these per capita payments. And I think of more significance is that in many of these communities, these per capita payments are held in trust for tribal citizens or tribal members who are minors. So that means-- let's just say you get $1,000 a year as a per capita payment.

Well, if that's held in trust over 18 years and invested prudently-- hopefully the stock market's doing OK-- at a minimum, you turn 18 and you receive a lump sum of $18,000. But in some communities, it's much larger, actually. So as you can see, this combination of youth and large lump sums of money has led to challenges and issues.

I'm going to talk very briefly about the actual frauds that we've seen. I do have a colleague-- I think he's in the audience-- who's going to be providing some case studies, so I don't want to steal his thunder. But I wanted to let you know that like most marketers, people in the communities near these tribes that offer per capita payments, they're very good marketing and they're very good at knowing their audience.

And so what we've seen and, unfortunately, documented is a lot of businesses in the area-- whether they be car dealers mobile home dealers, or other rent-to-own stores-- know of the timing of these pay outs, know the size of these payouts, and offer what they refer to as special deals. And in some cases, it's not obviously not outright fraud, but it may be inflated prices or things like that. In other cases, some of these deals are designed to get people to put a down payment on a mobile home or a down payment on a car and the loan or the agreement may not be suitable to the borrower because the borrower may not actually able to keep up with those payments and may ultimately lose the mobile home or the car. So that's-- unfortunately, we've documented a lot of that.

And then in addition, we've also heard a lot about identity theft, whether that be using powers of attorney-- a lot of affinity fraud-- family members unfortunately using social security numbers, et cetera to access some of this money. Finally, we also do see offers for cash advances on the per capita payments or even setting up loans using the per capita payments as collateral. All right.

Well, here's where I'm going to try to tell you about 300 years of American Indian history and law in-- I think I have five minutes left. [LAUGHS]

So more importantly than these per capita payments is a series of recent historical events. And there are several really important federal lawsuits that have been settled with tribes. The first I'm going to talk about is Cobell versus Salazar.

And really quickly, a lot of tribes and tribal members-- Native American individuals-- own land that is held in trust by the federal government, and that was set up in approximately 1935. And so this system has been in place for a long time. And in 1996, there was a growing movement that coalesced into a lawsuit led by Elouise Cobell that alleged that there was very poor record management and ability to account for revenues that came in for this land and of payments that went out.

So the role of the federal government is to act as a fiduciary and manage these lands and lease out the lands, whether it be for oil and gas expiration or grazing permits and things like that. So if I own an acre of land and it gets leased out to somebody for them to graze their sheep on. Basically, I'm supposed to get payment for that.

Well, unfortunately there was extremely poor record keeping and so Elouise Cobell and what has been called the largest class action of individuals sued the federal government and asked for some sort of proper accounting, but also payment for that mismanagement of the leases. So basically, that lawsuit was finally settled in 2012 and President Obama signed the settlement in 2013.

And the funding and disbursement payouts from that lawsuit did go out starting last year and this year. And those actually were very small. I mean, those were about $1,800 per person. There were some individuals who received much larger payments as part of that lawsuit. But it was this infusion of money in a lot of different tribal communities.

More importantly was the land buyback program, and I'll talk about that one sec, as well. So also the Keepseagle lawsuit, which is often referred to as the Indian Farmers lawsuit, which was related to basically alleged discrimination and the USDA farm loan program. And it was settled in favor of Native American farmers who brought the lawsuit. And that resulted in several payments of $50,000 and $250,000 in a lot of Native American community. So again, this infusion of money.

And most importantly is that between-- so over the last four or five years, over $3 billion in individual and tribal trust fund settlements have come in to Indian Country. Again very quickly, out of respect to others on the panel, [LAUGHS] the land buyback program is the program that we're seeing the biggest challenges with right now. The Cobell settlement also provided funding to allow the federal government to purchase land that was held in trust for individuals and sell it back to the tribal government.

So it's the concept of consolidating that land, and hopefully clearing title on that land and making sure the tribal government can own that land and use it for the purpose of the tribe. And there's

$1.8 million in land trust consolidation funds available. And right now, letters have gone out to several reservations-- there's a whole website dedicated to this. I won't go over the actual reservations, but several of them are actually very remote and mostly very low income.

And on some of those reservations, the offer to purchase land-- you're given an offer to purchase land, and if you sign the agreement, you will receive reimbursement for that land that you own. And some of those offers are in excess of a million dollars at this point. So what we're seeing, again, is very large lump sums of money potentially available to a lot of individuals who may or may not have a lot of experience managing that money.

And in addition, there's been numerous other lawsuit settlements. I know the Standing Rock Sioux had a settlement-- that was actually a few years ago-- regarding land that was flooded. And so the tribe actually received a settlement and then per capped it out to individual members who received large lump sums of money.

Navajo Nation actually just settled a pretty big lawsuit with the federal government regarding-- they claimed that their land was leased out at lower than market rates. And they actually have chosen not to per cap that money. So that is not actually going to go out to individuals, but there are many other lawsuits where, in fact, they do per cap the money.

So as you can see, there's this infusion of a large amount of resources into Indian Country. And I think we all know-- those of you who've done research on financial fraud know that individuals with lower income or lower education levels are more susceptible to many different types of financial fraud. So we're seeing a lot of patterns in that area. And again, my colleague Brian Ross-- I don't actually see him in the audience, but he'll be speaking about that and providing several case studies on the next panel.

All right. So I also wanted to just talk about some efforts that we're taking to combat fraud, because we see such a need out there and have heard so many stories about people who've been swindled out of their trust fund settlements or lawsuit settlements. And so working with the FINRA Investor Education Foundation, we've produced this pamphlet called "Fighting Fraud 101." And it has a lot of tips and pointers in there about, specifically, investment fraud. And we've actually also been going out into the communities and offering workshops and talking to people one on one and finding out what kind of information they need and what kind of challenges they're facing.

We also work with tribes that have minors' trust payments to provide education to their youth. There's a report-- we have limited copies, but there's a report out on the table called "Learning By Doing" that talks about a financial simulation that we offer with some of these communities where they actually get their lump sum payment and get to practice spending that money. So in the afternoon panel, we'll also hear a little bit more about educational efforts.

But I'm happy to say that there are some outreach efforts going on. And in addition to providing financial education, we're also collecting information about the frauds that are facing these communities. So I'll go ahead and wrap it up and hand it over to the next panel and I'll look forward to further discussion and questions later.

JULIE MAYER: Thank you so much, Sarah. That was full of great information. And next, we're going to hear from them Charles Lowery with the NAACP.

[INAUDIBLE] Yeah. OK.

CHARLES LOWERY: Good morning, everyone. Again, my name is Charles Lowery. I'm the Director of Fair Lending and Inclusion for the NAACP. If I'm a little nervous this morning, my wife is here, and I don't usually speak in front of her.

[LAUGHTER]

So anyway, I'll keep going. We're happy to be here. We're happy to be invited by the FTC to be a part of this program this morning.

I'm not an expert in the area of fraud. And I think that's why we're here-- to all learn more. And so at first, I talked to Julie about well, how am I going to get information about fraud in the African American community and learn about that real quickly?

And she and Yaa calmed me down and said that all I needed to do is talk about the work we do and then bring up the issues as it relates to our work. So I'm just going to take you all through that real quick. I think this-- oh, that's the--

JULIE MAYER: Oh, try it to the one on the left.

CHARLES LOWERY: Ah. That's good. So in the NAACP Economic Department, our perspective on economic issues comes from the issue of racial economic inequality. And the four items there you'll see are the areas that we feel are really important and impact our communities-- employment, the racial wealth gap, home ownership or the lack of home ownership as a wealth building tool in our communities, and lack of education.

So when we look at unemployment issue, we see-- and much of this information when I go around the country and talk to NAACP units and branches, these are things that are happening to people every day. So sometimes they don't put them in the context of a chart or a graph, but they just experience it. And this is one that makes sense to my experience and my work at the NAACP, that our unemployment rate for the African American community continues to be twice that of white Americans. And if you look at the small phrase at the bottom of this slide, it says "27% of African Americans between the ages of 20 and 24 are either not employed or in school," which then leaves them in a vulnerable position if we talk about issues affecting our community.

The unemployment intersection with education-- when I grew up and many of us in all of our communities were told that education would be a great way to help yourself and to really build security for yourself. We see that when you juxtapose unemployment and education together, you still see that there's a disparity that happens for the African American community that only when a bachelor's degree is attained is when you're able to even out the unemployment or employment opportunities. And this just shows that the problem of income inequality has been growing. But in the African American community, you can see that the high-income African

American community still makes much like the middle income white American community or person. So we still see that that traditional problem of inequality persists.

And then this issue of the racial wealth gap has been talked about and talked about. We know that-- and I believe the Nielsen-- the person that mentioned the Nielsen slide talked about people making $50,000 or $75,000. Well, if you see that on the income side, there's more close parity, but when you look at the actual wealth that exists within our communities, there's a severe disparity.

And this is one slide that I like because if you look at the gentleman who's going to be evaluating the couple's mortgage application, you can see the Ku Klux Klan-- you can see that the picture there that really emphasizes to me the racial barriers that have existed in mortgage lending for people in the African American community. This picture comes from The Atlanta Journal-Constitution that did a study on the problems of the Community Reinvestment Act back in 1988. The series of articles won a Pulitzer Prize about how banks were not investing in communities of color as opposed to their requirement to invest in those communities.

And so what we do at the NAACP Economic Department is to really focus in five areas. Many of us know the NAACP for voting rights work, for its criminal justice work. And our desire to grow the economic department is to really show the thread that runs through all of those issues related to economics. So this is one of our game changers that is the focus of the national NAACP-- the economic sustainability game changer.

And so we try to work through our economic department in terms of empowering local communities, ensuring that the government is knowledgeable, and growing a movement of concerned citizens to work in these areas. So how do we do that? We do that through our fair lending work, our financial education work, our community and economic development work, and our diversity and inclusion work.

I don't want to make this a ad for NAACP, but I just wanted to show you guys what we do. So our economic education work, we work on our fair lending work in terms of working at events like this and being a part of you all, our community economic development work in terms of entrepreneurship and asset development, and then our diversity and inclusion work, which is very interesting in terms of partnering with outside groups and organizations in terms of job creation and also development. So when it comes to, I guess, these communities and the problems that exist, we see predatory lending and the preying upon our community is one that's really clear that happens and occurs very often often.

And so we support a 36% interest rate cap on all lending. To me, personally, that's a very high interest rate, but it's still much better than the 700%, 800% interest rates of high cost, short-term loan products like payday loans or car title loans. Let me think-- just think is there anything else I wanted to--

OK. And so when we look at where our country's going, I think this is where the most important part for us is to see that our youth are changing in their composition and their demographics. Our country's changing. And yet, these are the very people that have been discriminated against and been impacted. So if we're going to have a future for America, we're going to have to deal and wrestle with that issue.

This slide is really focused on the issue of home mortgages and the fact that 75% of new households will be nonwhite, yet those are the very households that have had trouble obtaining a mortgage and obtaining home ownership. And so I guess if we move that forward to looking at fraud and the vulnerability of our communities, I just wanted to know that when the young lady-- Ms. Jones mentioned the fact that radio penetration affects 92% or impacts 92% of the African American community. We have been working at the NAACP to figure out how we deal with various high cost lenders, like WeFixMoney.com. If you all have heard that ad, it's on the radio, and it's sort of the very nature of the things that we use as a community. The companies have been using that to, we feel, prey upon our community.

And if we also look at the fact that the FDIC study on unbanked and underbanked came out today-- they're meeting today in Arlington. I just saw on my cellphone the fact that the numbers haven't changed that much-- that 7.7% of households are still unbanked and one in five households, which equals 68 million people-- that's 20%-- are still underbanked. And I think it's that issue of the underbanked, the people that-- well, this statistic shows that.

It says 25% percent of households used alternative financial services within the past year. And to me, that represents the slippery slope-- the fact that people are going to alternative services, which then leads them to be more susceptible, I think, to fraud. And we'll learn more about that, I think, in the panel afterwards.

I did a little bit of local research. And Daris Abdul in the audience. He's a consumer advocate for the DC Department of Banking insurance and-- Insurance and Securities and Banking-- DISB. He mentioned the fraud that he's seen in terms of his work-- shared that with me.

I also spoke to one of the US attorneys, and I guess the scams in terms of the health area, the auto area, also the prize area are some things that have occurred in the DC, locally. They know more about that than I do. But to me, it just seems that these areas are very important. They need to be addressed. And we can see that the terms of the future of our country-- that the African American community has a very important place in this that needs to be addressed.

And I just want to finish up here to tell you a little bit about you all wanting to connect with the NAACP. We have our website, our social media, and you can stay in touch with us in a number of different ways. I'll be here afterwards answering questions. And I thank you for your time.

[APPLAUSE]

JULIE MAYER: Oh, yeah. You can leave that there. Thank you.

Actually, next, we have a speaker who I didn't introduce earlier, but joined us-- Quyen Dinh, who is the executive director of the Southeast Asia Resource Action Center, known as SEARAC. It's a national organization. And she doesn't have slides, so I think you can just speak from your seat. Thank you.

QUYEN DINH: Great. Actually, is there anyone who can help me distribute handouts, by any chance?

JULIE MAYER: Sure.

QUYEN DINH: Thank you so much. And apologies, Julie, for running a little bit late. So as Julie mentioned, I'm the executive director at the Southeast Asia Resource Action Center. We're a national advocacy organization based here in Washington, DC.

And just to give you a little bit of context about our organization, we were actually founded in 1979 as the Indochinese Resource Action Center. And the impetus for our organization was actually to provide recommendations for humanitarian resettlement of refugees from Southeast Asia who were coming to America and were facing very serious integration challenges after the Vietnam War and after the wars in Southeast Asia. So the communities that we predominately represent are Vietnamese, Cambodian, Hmong, and Laotian.

And I am honored to be here today to share what I know about our community. And like Charles, we are also not experts in the fraud area, but we are experts on what we know about our community and socioeconomic indicators that make our communities very vulnerable to fraud. And so what I'd like to share with you today is just an overview of who the Southeast Asian American community is-- some of those demographic indicators that we hope that you become more aware of as you think about strategies to prevent fraud, as well as some recommendations and implications, and share with you some of the work that we do.

So at SEARAC, we integrate five major strategies in really uplifting the voices of Southeast Asian American communities through capacity building of community based organizations who are the true leaders and the true service providers, providing work within local communities across the country. So we have a network of about 140 organizations. We do advocacy here in DC around issues of education equity, health access, immigration reform, and a little bit around economic development, community organizing, research-- and I'll share two of the studies we've done around financial literacy, as well as some work around foreclosures-- and leadership development to create a really strong pipeline of leaders to advocate for our communities nationwide.

And to give you context about our population, as of the 2010 census, our population is about 3.1 million. And to take a step back, the Asian American community is about 18.1 million. So we are about a third of that, or a little bit under 1/3 of the entire Asian American umbrella.

And if you look at our distribution across the country, our three most populace states are California, followed by Texas and Minnesota. And if you take a look at the rest of the 10 states, you'll see that our communities are distributed across every region of the United States, from the West Coast-- including California and Washington-- to the South-- including Texas, Virginia-- and emerging communities in North Carolina-- including new refugees from Burma and Bhutan-- as well as the Midwest-- including Minnesota and Wisconsin-- and the Northeast-- Massachusetts, Pennsylvania. And so our communities tend to be clustered and tend to live in geographic regions. And so the face of the Southeast Asian American consumer is one that all those distributed across the country may not be known or seen very visibly because we are concentrated in small cities and locations.

And a couple of the socioeconomic indicators that we have been monitoring and what we see as indicators that demonstrate a need for multi-generational approaches to building assets and to building political and economic mobility are three major things that we see from a community defined by immigrant and refugee experiences. One is around language barriers. So the majority of our community members are limited English proficient.

So all this data is from the 2012 American Community Survey. And between 39% to 50% of all Vietnamese, Laotian, Hmong, and Cambodian Americans speak English less than very well. And a larger proportion live in linguistics isolation, meaning that no one in the family speaks English very well.

The majority of our communities live above the poverty threshold when compared to the general American population. So whereas the US population poverty rate is about 11%, for our communities, it's between 18% and 27%. And although we are typically portrayed in the media as the superstar model minority student, in fact, whereas the general population, only about 13% have not completed their high school degree, for Southeast Asian American communities, it's 34% for Cambodia, Laotian, and Hmong Americans. So 1 in 3 of our community members do not have a high school diploma, which is contrary to a lot of the images and a lot of the depictions that we understand of the Asian American community.

And these challenges really, for us, lead to very strong indicators that our communities are vulnerable to fraud and also have lower levels of financial literacy. As a lot of research documents-- that communities with lower English proficiency, coming from lower backgrounds-- lower income backgrounds with less education tend to have less financial literacy knowledge and skills. And so we commissioned a report in 2012 called "Encouraging Economic Empowerment." And I have a couple of the copies today, and I'll leave them in the back if folks would like to see that.

And we also created another report called "Untold Stories" about the foreclosure crisis. And both of these reports focus on California. And I'll start with the financial literacy report.

Now, what we did was we surveyed about 150 community members in California and did a series of focus groups. And the two major findings-- and about 50% of our participants were actually under the age of 25. And so the findings that we saw are reflective of a younger constituency. And the two major findings that we found out was that one, although the majority of the participants actually had a checking account or a savings account, they have very limited interactions with banking institutions after that. That there was a lot of misinformation about fees, and also about credit.

And the second finding is that the major source of financial information for-- both the young people that we surveyed and the older Southeast Asian American that we surveyed got their financial information from their peers and their parents. And so for us, what this really demonstrated was that there actually was a proliferation of misinformation. And one of the most common dialogues or narratives that we heard in the focus group was that a young person would share that they believed that they were not supposed to pay off their entire credit balance-- their credit card balance-- because they were taught by their parents that they should carry it over to build a stronger credit score. And this is what we heard recurring over and over.

And so for us, what is-- and taking a step back about our population, for the Hmong community, about 50% of the Hmong American community is actually under the age of 25. And so we're talking about a population that is very young and the other half is a little bit older. And yet the misinformation is multi-generational. And so what we see is that there really is a need for multi-generational education campaigns and awareness about who our community members are and the challenges that they face.

And a couple findings from our financial literacy report, which focused on Central Valley, California-- and the reason why we focused in on Central Valley-- and actually, we did this report with National Capacity. And I believe that Jane Duong will be a speaker later on to speak a little bit more about the specific fraud that they monitor and track. The reason why we looked at Central Valley, specifically, in California is that 5 out of the 20 cities in the Central Valley had the highest foreclosure rates in the nation. So this was Fresno, Sacramento, Stanislaus, Merced, and San Joaquin Valley.

And a couple of the really big highlights that we saw was that home ownership within our communities was low. Only about 30% of the entire community were homeowners. But of that percentage, about 70% to 80% paid more than 30% of their income on their mortgage. So we know that our community members are taking on loans that are very high and that are very susceptible and thus, it makes them perceptible to foreclosure.

We also found that rental rates among the Southeast Asian American community is high. And so the majority of our community members actually rent. And when these properties became foreclosed, there was not a lot of protection around rental protection. And also, community members became susceptible to rental fraud, as well.

And the last thing to note is that we looked at data from the neighborhood stabilization program to look at notices of NODs--

Notices of Default. And we found that in 3 out of the 5 counties that we surveyed, the Southeast Asian American and percentage of folks with notices of defaults were higher than the county average. And so if I leave nothing behind, I think that the one last message would really be that the lower financial literacy rates and the limited proficiency rates for our communities make us vulnerable to fraud in all areas of consumer products.

And what we have seen is actually that also leads to "affinity markets--" so community members who speak our own languages who target community members because of their lack of knowledge and information. And a couple of the things that we have seen is that-- for example, with the Affordable Care Act rolling out this year, we saw a lot of private insurance brokers opening up shop to enroll folks for a fee, although we know that the services actually should be free and that there are publicly funded programs to outreach and enroll community members. And yet these individuals within the community existed and actually proliferated.

We also see a lot of Medicare fraud, actually-- so folks getting Medicare account information from older adults and using that information to buy medical supplies. And the foreclosure rates are also a product of having community members provide loans that were really above what was really allowable and what was secure for families to attain. And so for us, what we really see is a huge need in an investment for outreach and education, that it has to be integrated with ethnic media, and that we really need to start not just with the older adults or with the adult population who are starting to buy homes, but really with the younger population-- so that this misinformation does not continue systemically-- and that we really need actually just aggregated data about Asian American communities.

So the data that we found was from the Census Bureau, which does just aggregate the Asian American category. But for the neighborhood stability data, we had to look at surnames to see a proxy for who was Southeast Asian. And for us, while this is a good indicator, it doesn't really clearly articulate the true needs within our community. Thank you.

JULIE MAYER: Thank you so much, Quyen. That's really compelling

[APPLAUSE]

Information. Next, we'll hear from Brent Wilkes, who I think is also going to be staying at his seat.

BRENT WILKES: Thank you, Julie. It's great to be here and it's exciting to be part of this panel and part of this very important day that we think is critical to make sure that we're looking at fraudulent practices not just overall, but how it impacts different diverse communities and how we can-- what we can do to protect those communities from that type of fraud. I'm Brent Wilkes. I'm the National Executive director of the League of United Latin American Citizens. I am joined by our national president, Margaret Moran, who's here all the way for San Antonio, Texas, as well as Paloma Zuleta, who's our director of communications for the organization.

And I have to say, we're very proud that we're celebrating our 85th anniversary this year. We're the largest and oldest Hispanic organization in the United States. And our focus is on advancing the economic condition, educational obtainment, political influence, housing, health, and civil rights of Hispanic Americans.

LULAC is a membership based organization. We have over 132,000 volunteer members and they're organized into what we call councils. There's 1,017 LULAC councils all across the country. It's actually a record number for us this year. So we're growing just about as fast as the Latino population is growing in the United States.

And we try to be inclusive of all ethnic groups within the Latino community. Many of you know the Latino community, that it's a very diverse community and different ethnicities have very different demographic statistics and different behavior patterns. And so when we look at the practice of fraud within communities, it's important to take that into account and to make sure that we're addressing the needs of all the different ethnicities within the Latino population.

We're headquartered in Washington DC. That's our headquarter office, but we actually have 19 offices in 10 different states that we operate, including our LULAC National Educational Service Centers. And we also have, through our SER Jobs For Progress affiliate, about 48 employment training centers around the country doing work to help folks find job opportunities, 28 different housing projects-- mostly Section 8 housing-- and 60 technology centers which we designed to help address the digital divide and help get more Latinos online across the country. So a fairly substantial footprint in the LULAC network.

And for most of our history, we've focused on education, employment opportunities, housing-- things that we've considered the characteristics necessary to be able to move into the middle class and to live that American dream. But lately, we've realized that in addition to that, we have to really be vigilant about looking at fraud and how it operates in Latino communities across the country. Because it does have an impact on the goal of moving Latinos into the middle class and certainly effects income and savings, which we'll talk about in just a bit.

Some of the socioeconomic factors I think that really are important to understand about the community, especially as it relates to fraudulent practices-- the Latino population is now 54 million in the United States. So it's one of the fastest growing populations in the country. It represents 17% of the US population now. But quickly, by the year 2060, the population will more than double again to 128.8 million folks and represent 31% of the US population. I guess what all this means is that the future of the United States is very intricately related to the future of the Latino community. And if any one community within this country does poorly-- especially one that's going to be 30% percent of the US population-- that can affect all of this.

There are 38.3 million Latinos that speak Spanish predominately in their home, and that's about 73.9% of the Latino population. So that's an important factor to understand, as well. Because much of the fraud that we see taking place within Latino communities is actually communicated in Spanish-- often harder for regulators and law enforcement to detect because they're not monitoring the Spanish language markets as well.

So that's something that you have to look out for. Despite the fact, though, that half of the Latinos that speak Spanish at home often are-- consider themselves proficient in English, as well. So they're bilingual and they can communicate in either language.

Household income for Latinos is low. It's $39,000 in the United States. So that's not a very sizable income.

And the poverty rate is high-- 25.6% of the population. Again, making the community susceptible to income opportunity fraud-- folks pitching big income opportunities and trying to lure folks to take advantage of that. 64% of Latinos that are over the age of 25 have a high school degree, which means that the dropout rate is still pretty substantial-- about 35%, 36% of the Latino population, which is way, way too high-- something that we think is really, really a top priority for us to try to address.

And also about 35.6% of the Latino population is foreign born. So they're not necessarily used to the way the United States both conducts business as well as enforces laws designed to protect people from fraud and aren't used to the different mechanisms like the Federal Trade Commission, where you can go and get help. Hispanic buying power, though, is incredible. It's $1 trillion.

Like we saw the Nielsen report earlier on the African American population, the Latino population is also $1 trillion currently, but over the next five years is expected to grow to $1.5 trillion. So that purchasing power attracts people who are interested in making a quick dollar. And so that's something we have to be concerned about, as well.

And I think overall, many of us look at the Latino population as being very family focused-- very family oriented-- large families, in many cases, but also very trusting. If a family member tells you something or a friend tells you something, you're apt to believe it. And also, there's a high degree of spirituality-- a very religious community-- a community that also believes in more of the mystic elements. So folks who are pitching miracle cures and miracle pills for diets and things like that have an easier entree into the Latino population because of that belief and spirituality and the tendency to believe things that might to some of us seem a little bit too good to be true.

So how does fraud impact Latino communities? Well overall, 3.4% of Hispanics in the FTC consumer fraud survey in 2011 were victims of fraud, which is about one and a half times larger than the rest of the non-Hispanic white population. So obviously, a fairly significant increase in the level of fraud within Latino populations, which is kind of what we have seen on the ground in terms of fraud reports to LULAC. Latinos often also under-report fraud due to cultural issues and fear of reporting.

Also, even immigration status. A large number of Latinos are undocumented. They're afraid of going to any types of authority, especially federal or state law enforcement and so they don't come forward. And then just the idea of being embarrassed by being taken advantage of and not wanting to create waves. So that often is a challenge.

The types of fraud that are very specific, I think, to Latino communities include immigration fraud. A large percentage of the Latino population is working to try to advance their immigration status-- very susceptible to folks pitching false opportunities to adjust status, for example. And that's been a big factor that LULAC's really focused on trying to track down individuals, especially what we call the Notarios that are out there. These are individuals who in the United States simply got a license to be a notary, which is a very simple process-- like a couple-hour thing.

But in Latin American countries, a Notario is somebody who's got a law-- a person with a law degree who's licensed to conduct immigration law. So they move from Latin America to here. They see a Notario sign and they think that they can go in and get help with their immigration papers, but they're getting it from somebody's who's really not trained to do that. And often, those folks take advantage of the community by making them think they have an avenue to a different status and charging significant amounts of money to get it-- in many cases, upwards of

$15,000 to try to adjust status-- and then it turns out that they never had a chance in the first place.

Also, remittances. We've seen a lot of abuse with exchange rates from different remittance outfits. Folks that help-- people want to send money back home. They want to help families that they've left.

And yet they go and the rates are not really clearly displayed. And many times the exchange rate itself is where the big dollars are made, rather than the actual fee that's shown up on the board. So that's a big area.

We're concerned about check cashing outlets. A lot of the community is not using traditional banks. They're going to check cashing outlets and paying the really high fees to pay for basically being a cash and carry community. And then because they carry cash, often when they're leaving those check cashing outlets, they become victims of robberies and other types of criminal action because folks know that they carry a lot of cash in their cars.

Even phone cards, for example, is-- you've see a lot of fraud in these phone cards-- to be able to call back home and let their family members that they're OK and let them know things that-- the phone cards are not clearly stating their rates. And then certainly, Latinos have issues dealing with health care-- lack of health insurance is a big problem-- and are often victims of health scams as well as weight loss scams. But I think especially-- and really Charles, you talked about this a lot-- are the predatory lending practices that we really are concerned about in the communities. This includes payday lending, where the rates are through the roof, in many cases; auto lending, where you see [ALARM] that Latino and African American--

Oh, goodness, that means that my time's up, so-- I haven't even got to the good part yet. I will finish up really quick. So auto lending is a big concern, as well, where the rates are much, much higher.

Predatory mortgages-- luckily, there's been a bit of-- with Dodd-Frank-- a bit of some new rules that have been put in place. I think they'll be very helpful going forward. But certainly when we saw the losses that Latino and African American communities suffered as a result of the financial meltdown and the mortgage crisis, that was probably the biggest loss of income and wealth in our communities, bar none. But the same practices that occurred in the mortgage that we were concerned about are still going on with the auto lending industry.

And even title lending, I think, is a growing concern. As you try to crackdown on payday lending, people start doing title lending instead. So we have to be vigilant that they don't find alternative ways of defrauding the community after folks. And then we just think that Latinos overall are often unfairly charged higher interest rates than others.

So how do the fraudsters reach the Latino community? I think a lot of this is word of mouth. This is a very community-friendly community. So the word gets out that there's this opportunity or this business or-- and the word gets out. And so that's a big part of how fraud is perpetrated.

Spanish language media advertisements are a big part of the fraud. When the FTC has looked at this, they've seen that the fraudulent practices in Spanish are very prevalent. And I think that that's something that we really have to be concerned about, especially-- some regulators are not fluent in Spanish-- aren't monitoring Spanish language media as much. And as a result, you see them proliferate with their schemes online.

But also street teams-- just people out on the street corner pitching scams. If you go down to-- in the barrio and you see folks on the street passing out flyers and things like that, it's oftentimes promoting a fraudulent thing. And then pitch gatherings where they get a group of people together and they talk about the-- they get folks getting up there and talking about testimonials and income opportunities and how I lost all this weight and how I was cured of all these different diseases. People get really emotionally swayed by those pitches and they don't look at the fine print where it says actually, most people didn't lose weight and most people didn't make any money. So they often are confused by that.

I'm going to skip the online stuff. But just in terms of solutions-- so I think that community-based organizations like LULAC and NAACP and many others can be very helpful in doing this because we're often on the front lines. We've got those volunteer members. They're the first people that folks go to when something's gone wrong.

It's not just fraud. It's often discrimination or other types of things. But they come to us and then we can connect with the law enforcement agencies. So making sure that connection point is strong and that the referrals that we make are taken seriously and acted upon-- I think that's really, really important to help detect fraud. So that's step one.

But I also think financial literacy and fraud prevention are very important, as well. So LULAC is doing a program we call Pocket Smart. We have over 100 classes around the country where it's working with our volunteers, working in communities, helping folks learn good financial practices, and at the same time how to detect fraud, what to look out for, and to make sure that they don't get taken. So that's an important fact, as well.

And finally, just recommendations for the FTC. I think that we really want to see the FTC continue to strengthen the rules governing industries that tend to commit fraud in Latino communities. And so for example, the multi-level marketing companies, we believe they should be required to disclose the median net income of program participants in a clear and unambiguous manner so that folks are quite well aware of what the income opportunity or lack of income opportunity is, and that these entities should be prohibited from using testimonials touting huge incomes that are, in all practical purpose, fraudulent. We believe that the types of commissions that auto lenders, for example, are getting for selling Latinos and African Americans into a higher auto rate loan should be prohibited, just like they did with Dodd-Frank in the mortgage industry. So that should be stopped.

And then of course, I agree with the NAACP. We need to lower the-- put rate caps on payday lending and limit the size of those loans. We've seen a lot of evidence that the payday lending is really revolving loans and that the original principal that's borrowed is very small in comparison to the total cost that occurs. A lot of other things I would recommend to the FTC, but let's just leave it at that, because I know I'm taking up too much time. Thanks very much.

[APPLAUSE]

JULIE MAYER: Thank you, Brent, and for everyone else who's becoming an expert at speed talking today. Next up is Maggie Flowers with the NCOA. And I think she'll be coming up to the podium.

MAGGIE FLOWERS: All right. Good after-- or good morning, everyone. I fast forwarded the day. I'm delighted to be here to talk about this very important topic today. So thank you to my colleagues at the FTC for inviting the National Council on Aging to join today.

So just a little background for those who may not be familiar with the National Council on Aging or NCOA, for short. We are the nation's leading nonprofit service and advocacy organization representing older adults and the organizations that serve them across the country. Our mission is to improve the lives of vulnerable older adults, especially those who are disadvantaged. And we do this through two primary issue areas-- healthy aging and economic security.

Through our economic security work, which you'll hear more about today, we focus on benefits access for older adults, employment and training, economic assistance through holistic counseling, and also reverse mortgage counseling. Additionally, we have financial education tools that are designed for low and moderate income seniors because frequently, this population is left behind in the financial education market. So I brought today, outside on the table, some of our Savvy Saving Seniors materials.

For those on the webcast, you can find that at NCOA.org/SavvySeniors. But I'd encourage you to pick it up. Today I'll be walking through some of that material. One of the modules is focused on avoiding scams.

So scams and seniors-- unfortunately, this is commonplace for older adults. I wanted to start with just sharing some of the statistics we've gathered on seniors and scams. It's become so prevalent, in fact, many people are now referring to this as the crime of the 21st century.

Unfortunately, seniors have really been focused on because they have a significant amount of wealth, whether or not it's their retirement income through their own savings and pension, or perhaps just their modest social security benefit. They're likely to have a steady income stream coming, of some sort. Additionally, they may have assets in the form of their home equity in their house. So scammers have identified this and narrowed in on them, trying to steal their money, basically.

Additionally, people see this as a low risk crime because it's really, really hard to prosecute, as all of you know in the room here, today. So scammers think it's potentially an easy target. And then unfortunately, if you lose your income-- lose your assets-- later in life, you have very few options on how to recoup those costs. It's harder to regain work if you need to work to make up the loss.

So individuals over the age of 60 are 1 in 5 in this country, currently. And in fact, every day, 10,000 baby boomers turn 65, and this happens for the foreseeable future. So our population is getting older. Additionally, 1 in 13 older persons will be abused, neglected, and/or financially exploited. And only 1 in 44 of these cases will go reported.

Lastly, I wanted to share that 9% of victims end up on Medicaid afterwards, after their income and assets are depleted. In fact, it's estimated about $2.9 billion have been lost. And one last piece to focus on here is that this isn't exclusive to higher income individuals. In fact, when it comes older adults, there's no one who's free from the target of the scams.

So why are scammers targeting seniors? Well, like many of us as we age, we have a lot of fears of being dependent on others, of being isolated, of ending up in a nursing home. About 30% of older adults when surveyed said they'd rather die than go to a nursing home. So unfortunately, caregivers-- family members-- will sometimes hold this over people's head and use it as a threat to gain access to their assets and income.

When it comes to isolation, it can't be overstated what a big risk factor that is. Older adults are isolated because they may have on their own decided to withdraw from the larger community. Perhaps they're developing mobility issues. Maybe they live in a rural community. Maybe they're having a harder time seeing or driving and they just end up becoming home-bound and, in turn, end up becoming reliant on their caregivers.

So the likely perpetrators that I wanted to share today are, of course, strangers. There are unscrupulous people who are targeting older adults. But also, a large amount of this comes from caregivers and family members themselves. In fact, 90% of all reported elder abuse is committed by an older person's family member, most often the adult children-- also could be grandchildren, nieces, and nephews. So common tactics include depleting a joint checking account, promising but not delivering health care services in exchange for money or property, outright theft, and other forms of abuse and neglect.

So I'll quickly go over these. There's a lot in each of these categories. But this comes from the FBI, actually. It's the top 10 scams targeting seniors.

So the first that was mentioned earlier is health care or Medicare fraud, and this usually happens when someone is promised services in exchange for their Medicare information. They don't necessarily receive the services. The fraudster will then turn and claim the expense against Medicare. Another is counterfeit prescription drugs, which happens a lot online. This is not only detrimental to someone's pocketbook, but can be extremely dangerous for their health, as well, if the drugs are not, in fact, what they claim to be.

Funeral and cemetery scams come in two common forms. The first is that someone will read the obituaries and identify a deceased person, attend the funeral, and then claim that they have a debt that they need to collect from the loved ones. Another is that funeral cemetery places will actually upcharge people, if you will. For example, they'll say even though your loved one's being deceased, we need you to purchase a casket, as well, in addition to the other funeral services.

So we've talked about the different types of weight loss scams. There's also the anti-aging products. There's telemarketing.

Seniors are much more highly likely to fall prey to these because they're actually more likely than the general population to just use the phone to purchase things. So they're familiar with using this method. They've been catalog shoppers-- all of those sorts of things-- their whole life. And so when someone calls offering up a service, it's not too surprising or unfamiliar.

Internet fraud is huge-- not only the different types of emails you may get promising you large sums of money, but also those pop-up ads that look like an anti-virus software, but aren't necessarily, that can then get viruses on your computer. A huge one-- homeowner and reverse mortgage scams. Unfortunately, all too common.

Just got a couple of examples from a colleague yesterday from a reverse mortgage counseling network sharing they had a report of an older woman who was taken to one side of town and promised a new home by the government through this new product or service. And then, of course, she gets the home, notices it's in disrepair. The person promises, oh, the loan we're getting will cover that. But of course, no money ever comes from the loan. And the person is stuck with a dilapidated house and no money to cover the costs.

Sweepstakes and lottery scams-- unfortunately, pretty self-explanatory. The grandparents scam is another very common one, also usually done by phone. The person answers the phone and they say oh, grandma can you guess who it is? They guess. Now they know the name of the grandchild and they have that in in order to be able to scam them out of money, saying things like, oh, I'm in jail in Mexico. Don't tell mom and dad. I need you to wire me money.

So what can you do if you come across an older person who's been a victim of financial fraud? Well, the first thing is encouraging people to talk about it. It is common, unfortunately, and so staying in the shadows because you're ashamed of what will happen will not help you, hopefully, recoup those lost income assets.

So waiting can make it worse. Just come out and find a trusted source you can talk to. Immediately call your banks and credit card companies, canceling any of the affected accounts, and file a report with the police.

And lastly, I wanted to share the resource of adult protective services. This is kind of like 911 for older adults, if you will. And so they can connect people with legal services and counsel to help them pursue the claim.

And one other resource I wanted to share from NCOA is our economic checkup tool. And this can be found at EconomicCheckup.org. And it can help people connect with trusted nonprofit and government resources related to employment and training, housing, counseling. You name it, it's probably in here.

It's a holistic economic assessment tool. It also has a lot of information on consumer protection. So you see there, protect yourself from scams.

That will connect folks to adult protective services. It'll provide background information and education so they can prepare themselves for what may be out there. Also connects them to trusted government research resources like the FTC, the CFPB, et cetera.

So think I got it in in ten minutes. I don't know. That was-- phew-- a whirlwind. But thank you so much. [APPLAUSE]

JULIE MAYER: Thank you, Maggie. And finally, Marcus Beauregard with the Department of Defense.

MARCUS BEAUREGARD: Thank you very much. There's benefits to being the last person. I get to reiterate what my colleagues have said.

Definitely, there are some downsides to being the last person. I have maybe seven minutes, and that takes all the time. So I'll try to do this very quickly. I'm just going to cover three things.

But before I do, I just want to, first of all, say thank you to FTC for recognizing the military as a unique community. The members of the military, made up by many of the other groups that have already talked, but they are a unique community. And I hope to provide some insight on how they are different-- basically, who are they and why does it matter to the Department of Defense in terms of fraud issues and financial stability?

Just very quickly to define who are they-- military could be active duty, reservists, retirees, or you could even consider veterans. But for the purposes of this discussion, I'm going to talk about active duty military and their families. And there's about 1.4 million active duty members and about 1.9 million family members-- so a fairly sizable community.

Some very basic demographics-- it's about 20% percent of them are officers; 80% of them are enlisted. They are primarily married. About half of them are married. And if you look at the demographics in terms of age, half of the enlisted force-- considerably, the majority of the service members, in general, are 25 years old or below. We tend to call them military-ennials because they fall into that demographic group.

And let me just talk a little bit about our enlisted force and how they stack up to their contemporaries in the civilian society. As I said, they're younger. They get married at a earlier age.

About 35% of these 25 or below are married, and about 20% of them have children. And I think if you go to the Census Bureau, it's about 11% of that demographic are generally married. So they take on more possibility earlier in their lives.

Apart from that, how are they different? They tend to be clustered around military installations. So they're easily identifiable. They're in specific communities. And in addition to that, they're in about 10 states that cover about 70% of the individuals.

They have a steady paycheck and they're not vulnerable to layoffs or loss of paycheck for issues such as injury. They are compensated through benefits that are provided outside of a paycheck, and so they don't tend to have to concern themselves with things like how am I going to pay for medical coverage? They get a special housing allowance or have on-base housing.

And what this does is it tends to allow them to think of what their paycheck is as something more discretionary. So they have more of an opportunity to use their paycheck how they might want to, not necessarily have to. It just complicates our effort to cover wants and needs.

They're disciplined. They tend to respect authority. They generally have a very high identification with the military.

And they're concerned about their standing and their reputation with their peers, with their unit, with their leadership. Career is the number one concern in their lives. Interestingly enough, financial stability is their number two stressor in their lives.

These characteristics provide opportunities, I think, for different companies to prey upon them. And this goes back to many of the comments that my colleagues mentioned-- affinity marketing both through just identification with the military and also having previous members of the military as sales reps, saying, I got your back. I understand where you're coming from. This is a good deal.

They're vulnerable to the use of high cost credit products, because they figure they have a higher level of confidentiality if they're in trouble and they need to have some assistance. There are very vulnerable to threats from creditors, in terms of debt collection. And they tend to be up vulnerable to this just authoritative sales practices-- basically, someone saying, hey, this is a good deal for you. Believe me-- particularly if the individual looks authoritative-- looks a little bit older.

Why is this all important to the Department of Defense? Well, it's basically all about readiness. It's about making sure our service members are ready to do their duty. And financial stability is a big component of that readiness. It can impact their ability to retain a security clearance, their ability to be deployed-- obviously we don't want to send somebody to a foreign country if they're going to have to be back to take care of their families-- and it just absorbs a lot of time in terms of what commands have to do to take care of their service members.

There are lots of things that we do to take care of our service members. I'm going to leave much of that discussion to my colleague Anthony Jackson, who's going to be on a panel this afternoon. But I just want to mention that in addition to what Anthony's going to talk about, we have legal assistance officers on each of our installations who are there to help our service members basically work through their problems-- hopefully to work through them before they get into trouble, but definitely once they have concerns. We have family programs on all our installations that are there to assist them and counsel them. And we have the benefit of military relief societies which provide no-interest loans.

And the last thing I wanted to mention is that the Congress has given us the authority to regulate and limit the terms of credit that are provided to service members through the Military Lending Act. And it's been very helpful in terms of taking care of payday loans, vehicle title loans, and those high cost sources of credit. I know we're out of time, so I'm going to leave it right there.

JULIE MAYER: Thank you.

[APPLAUSE]

YAA APORI: Thank you, Marcus. And thank you for all of our panelists for your excellent presentations. We have a few follow up questions, and we'll open up the question period to the rest of our audience here and on the web after we've followed up with you.

Now Marcus, I just wanted to delve a little more deeply into the potential effects that service members face that are targeted by fraud. You mentioned financial stability is essential to readiness. Can you go through again or speak more profoundly about the impacts-- the negative risks that are associated with having negative or poor credit?

MARCUS BEAUREGARD: Certainly. It's an issue that service members take very much to heart, even though the Department of Defense and the military leadership have tried to emphasize the fact that it's not a character flaw if you end up in a position where you have financial troubles and you need to have some assistance. The CNO of the Navy sent out a message to all the Navy a few years back saying, if you're in a situation where you need to have financial counseling, go out and get it. It is not a character flaw-- essentially emphasizing that point.

It is one of the violations of the Uniform Code of Military Justice to be indebted and not be able to pay your just debts. So there's a potential for non-judicial punishment. It can be the source of separation from the military. Generally, that occurs if the individual has a number of different problems, but this is being one of the factors that is contributing to those problems.

So it can definitely influence somebody's career. And the difficulty we have is that tends to drive the service member towards perhaps using non-bank sources for credit to see if they can skate by and not have to bring things to their command for resolution. So it's a two-edged sword in terms of trying to maintain a service member's financial stability.

YAA APORI: Thank you, Marcus. And I think this also touches on the issue that Charles raised in his presentation, so I'd like to follow up with you, Charles. You mentioned that lenders are working or struggling to find appropriate products to serve the low-income community, especially within the African American communities. So I wanted to find out if you could talk about the tools that could be useful to this segment of the population and how the NAACP is working with lenders.

CHARLES LOWERY: OK. Thank you. I think that at the NAACP, we have been working with the large banks on development of products that would be better suited for our communities. I think as we look in the mortgage lending area, we're looking at low down payment products as opposed to higher down payments. And I think in the area of the short-term lending, I think that that's a really difficult area that it's still under review.

Credit unions-- and there are other institutions that are providing low cost, short-term lending products. Because oftentimes as we look at the data and information, people just don't have enough money to make it through. So it's really an income problem and employment problem, but it then gets transferred over into this loan area and people get taken advantage of. So I think that we're working with our allies and others to just push forward.

The CFPB is looking at payday lending rules now. We're hoping for a strong rule there. And we're looking for innovative products that really can better help our communities.

YAA APORI: Great. Thank you.

JULIE MAYER: I just want to ask one question, I guess, for anyone who wants to answer. Because even though we talked about a lot of different communities this morning, they were definitely some common themes. I saw a lot of head nodding up here.

And one-- well, a couple points that relate. I just want to ask about, obviously we heard a lot about low-income consumers being a common denominator. Yet at the same time, some of these communities do have assets. Certainly, we heard about Native American consumers and even seniors on fixed incomes or service members.

So it's not-- and then another consumers having access to different kinds of credit-- maybe a sub-prime credit, but there is credit being extended. But are these-- what are the asset building resources that these consumers have? And it seems to me that a lot of the-- coupled with people being underbanked or unbanked-- that this is also an issue that's sort of perpetuating this cycle. Does anyone want to comment on that?

BRENT WILKES: I'll give it a shot. I think that for Latino communities, the number one asset in the communities are the homes. And so when we were making progress towards closing the gap for home ownership, up until the financial crisis, we actually saw a pretty significant wealth gap start to narrow.

But unfortunately, a part of those loans that were being provided during that time were predatory in nature and they were very much designed to be assuming an ever rising housing prices. Once the housing market crashed and the loans put people underwater, they ended up foreclosing at just drastic rates. And the wealth lost between 2005 and 2010 in the Latino community was-- 66% of Latino wealth was lost during that time. So that's just an enormous loss there.

So I think the home can be, obviously, a great place to build wealth and communities, so home ownership is really important. Plus, of course, you can live there. But on top of that, I think we have to be really careful to make sure people are getting in the kind of loans that Charles is talking about-- the ones with lower down payments, traditional, perhaps 30 year fixed or certain fixed loans, and stay away from these [INAUDIBLE] the loans with the balloon payments and variable interest rates that really got people in trouble.

JULIE MAYER: Yeah. I can imagine, too, what crashed also with their worth is their credit ratings. And so if anyone wants to comment on that, in terms of having thinner or poor credit files being a factor?

CHARLES LOWERY: I think that at the recent CFED conference there was a session-- or there were a number of sessions on credit and credit building. One of the sessions that I was involved in dealt with alternative data. And it is true that many of the members of minority communities and communities of color have the thin file or no file.

And so how do we bring those people-- when we look at the future of America and the population growth, as Brent mentioned, we need to address that. And so issues like counting rent payments towards building credit and other areas-- it's a difficult thing. How do we use these new areas or areas where people are making payments-- maybe it's remittances or-- how do we use those to help gauge-- to evaluate people in terms of building credit without having them fall into some of these areas of problems that our credit system has done with us already, in terms of sometimes evaluating us unfairly?

So there was an effort sometimes for payday lenders to be viewed as helping build credit. We at the NAACP think that's a terrible idea-- that those types of institutions shouldn't. But there are other avenues in terms of how we can look more creatively at evaluating people and their stability in terms of credit.

JULIE MAYER: Thank you.

QUYEN DINH: And I think something I'd add is that the longer term approach for Southeast Asian American communities is really about closing the income disparity gap. And without having the resources to be consumers and to really build long-term wealth and assets within our families is the biggest challenge that we're looking at. And I think that's why all of the civil rights groups look at a comprehensive approach at closing education, disparity gaps, workforce development, and in language resources to really building knowledge about financial literacy as a major solution.

And for the Southeast Asian American community, and I think Asian American communities in general, there's a huge gap in information that is in language. And so as I've been exposed to these new resources-- actually, just from today-- one of my questions is, are these resources available in different Southeast Asian American languages? And one of the challenges for the Asian American community is that there are more than 34 distinct languages. And most of the materials that are translated by the federal government are within the top 10 most populous languages, which is a great start, and we really would love to see that replicated in different industries.

JULIE MAYER: Thanks.

SARAH DEWEES: I think another challenge we face in many of the Native communities we work in is access to appropriate financial services. And I think-- similar to what you found in your communities and many of the other panelists have discussed-- there's just simply not banks or credit unions in some of the communities we work in. So we tend to work in communities that are very remote and rural, so people may have to travel 100 miles or more to even get to a bank.

And I wasn't able to share this during my presentation, but I think it's important to know that as a whole, the Native American population-- well, I mean, there's a lot of different data sets with different methodologies and different sample sizes. But the data does indicate that Native American people are more likely to use non-bank borrowing compared to white respondents. And really, the best data source for that is FINRA Investor Education Foundation Financial Capability study that tells us that 44% of the Native American respondents talked about using non-bank borrowing compared to 25% of white respondents.

It's also important to know that many different studies-- and if you triangulate the data-- seem to indicate that Native Americans are less likely to be banked. The FDIC-- my data's from 2011. I understand the new data's just come today, so I look forward to seeing that. The FDIC survey of unbanked individuals says that actually, American Indians were more than three times more likely to be unbanked than white respondents-- 14.5% versus 4%-- and that 26% of the Native American respondents to that survey talked about being underbanked. And again, underbanked is you may have a bank account, but you use alternative financial services. So there's a lot of challenges here, I think, with just access to appropriate products. And when they're not available, people go to products that may have higher fees and interest rates.

YAA APORI: Marcus, I think you had a comment?

MARCUS BEAUREGARD: Just that in the Department of Defense, we've had, I think, the good fortune to have banks and credit unions that work closely with the military services. We have banking officers on-- designated in our military installations who liaise with these institutions which are located on the military installation. So we have a group of bankers and credit union managers who actually understand our service members, understand the dynamics of their life, understand the concerns that they have, and are there to assist them with their financial needs. What we have to do is ensure that they see those as the trusted source-- and not the ones off the installation that line up right outside the front gate-- as being a good source of credit and other financial services.

YAA APORI: Thank you.

JULIE MAYER: Yeah, I think we have one question-- time for this one question from the audience, which is very appropriate to close with. And it's for anyone who cares to answer, asking, really, how can you help or your communities help law enforcement learn about scams and frauds? And part of how we get information is through filing complaints. So how can we bolster the filing of complaints or other ways to let us know?

MARCUS BEAUREGARD: I'll start. We've worked closely with FTC. And like I said, we really appreciate FTC recognized the military as a community. They have set up something called Military Sentinel so that service members can identify fraudulent concerns.

We've worked with our legal assistance attorneys as a primary source of providing input into that resource because of their relationship with military members seeing firsthand some of the fraudulent concerns that come to them. And so our effort has been to educate our service members as much as possible to use the resources that are available. But as my colleagues have said, it's very difficult to get them to call the mortars in on their own position to say that, I got myself in a very bad situation.

So there's a heavy embarrassment factor involved. And they don't want to put the light on themselves, in terms of concerns. I know that my colleagues expressed a lot of that, too.

CHARLES LOWERY: Yeah. I think I'd just like to add to Marcus to say that one of the challenges I see at the NAACP is just getting the word out to-- the fact that there are complaint avenues available. I don't think that many people in our communities know about the CFPB or about Consumer Sentinel. And just being able to get to them to know that they do have a place that they can complain.

Because I think people go through that feeling of being embarrassed and feeling like there's no one to help them and they're kind of on their own. And they sort of just hold on to that and they don't really just follow through on-- it's one thing to follow through on finding a solution, but to expose themselves to speaking about it or complaining is even more. And that's one challenge that we do face.

JULIE MAYER: Well, I guess we will end on that note. And thank you for mentioning Consumer Sentinel, too, because I should say that all complaints can be filed at FTC.gov, [LAUGHTER] which will collect complaints in the Sentinel system that other law enforcement accesses, as well. I know there are some more questions that we couldn't get to, but we're about to have a break-- now just over 13 minutes. And if some of the questions were for particular panelists, I think they'll be around, or later in the day. So I think they'll be happy to chat with you.

Thank you all so, so much. It was great to meet some of you and see some of you again. And look forward to continuing to working together.

[APPLAUSE]