



Federal Trade Commission

Prepared Remarks

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

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

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

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

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

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

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

A few years ago, we conducted a national survey to identify trends in fraud² that showed that African Americans were almost twice as likely to have experienced fraud as Hispanic whites. Over 17 percent of African Americans were victims, compared to 9 percent of non-Hispanic whites. And Hispanic people were almost 50% more likely to be the victims of fraud. Both groups—African Americans and Hispanics—were more likely than other groups to have been the victims of debt-related frauds.

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

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

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

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

One way that the Partners in HealthCare defendants gained the trust of their victims was

That brings me to my next example, which involved a company called FTC Credit Solutions.⁵ Yes, a scam artist was posing as the FTC! This scam allegedly targeted people who found themselves in a difficult financial position and had problems with their credit. It claimed to be affiliated with, or licensed by the FTC, and falsely promised –

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

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

Those are just a few examples of frauds targeting the different communities we protect. We've also shut down sham charities,⁸ legal robocall operations,⁹ phony business opportunities,¹⁰ and fake debt collectors.¹¹ And we've got more in the works. You can follow

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

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

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

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

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

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

¹⁴ See <https://www.consumer.ftc.gov/features/feature0081-fotonovelas>

a car, notario scams, debt collectors, income scams and government grant scams, with more to come. So far, we'