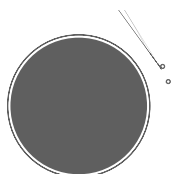




2018 FTC Annual Report on Refunds to Consumers

Office of Claims and Refunds, Bureau of Consumer Protection

Federal Trade Commission



Mapping an FTC Refund Program

Success in getting refunds to people depends principally on whether the FTC has a reliable list of customers, including their contact information and the amount of money they spent. Usually, the FTC has this information, and it mails checks out to a list of known customers. In some cases, there is no list of known customers or there is insufficient contact information, and the agency must use a claims process to identify people who should receive a refund. There are at least six steps involved in every refund program:

1. Identify who is eligible for a refund.
2. Determine how the money will be divided.
3. Mail checks.
4. Update names and addresses as needed.
5. Consider whether an additional check mailing is feasible.
6. Send any remaining money to the U.S. Treasury.

Identifying who is eligible for a refund

FTC court orders typically require the company to provide a list of customers, their contact information, and how much each customer paid. If the agency obtains a reliable list of eligible recipients, then the agency mails checks directly to them. This year, in cases where the FTC used company data to mail checks, an average of 67% of people on the list cashed their checks.

Without a list of customers with contact information, getting refunds out may require a claims process. In such cases, the people affected must apply for a refund. The agency might conduct a media campaign and use paid advertisements to let people know that refund money is available and encourage them to visit our website to apply. In other cases, the agency uses whatever minimal data is available, such as a consumer's email address, to tell consumers about the refund process. A claims process typically increases the administrative costs of the refund program. Generally, the FTC receives claims from 5% to 20% of potential claimants. This year, in cases where there was a claims process, the average check cashing rate was 95%.

If there is no customer list and a claims process is not feasible, the agency's Consumer Sentinel Database may be used to find eligible recipients. Consumer Sentinel contains millions of complaints from people who contacted the FTC, the Better Business Bureau, or other federal, state, and local law enforcement offices. The FTC may search for complaints related to the defendants and use the contact information in those complaints to create a list of potential refund recipients.

Mailing checks

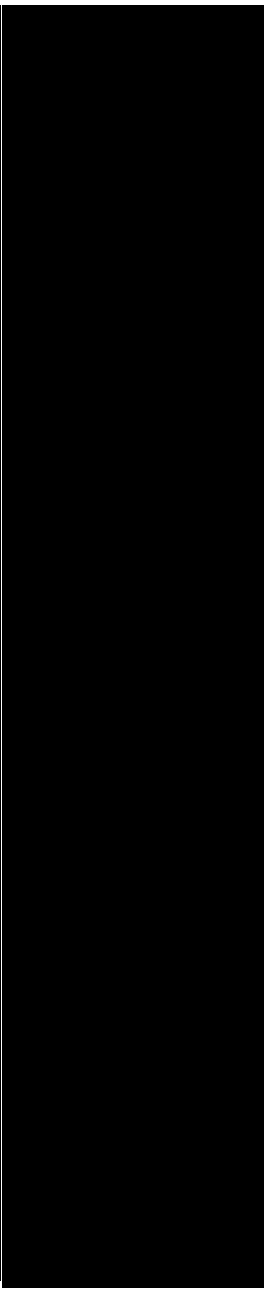
The FTC has many mechanisms in place to verify the accuracy of the check mailing program and to confirm that only the approved recipients receive payment. First, unique identifiers are assigned to each potential claimant at the beginning of the case, which can be used to track that individual through the lifecycle of the refund program. FTC staff independently review each distribution authorization, check the proposed list of recipients against the master customer list, and investigate any discrepancies before approving a check mailing. The agency also conducts audits on closed cases to verify that only the rightful recipients received checks. In a claims process, we may ask for supporting documents or other information, and we apply analytical tools to root out false claims.

Once checks have been mailed, the FTC carefully tracks how many checks get cashed and how much money makes it into the hands of affected consumers. This year, the FTC completed 20 first-time mailings for FTC cases. Here are the highlights of each case:

First Distributions July 1, 2017 - June 30, 2018

Case Name ⁴	Date of First Mailing	Number of Recipients	Amount Mailed	Amount Cashed	Percent of Fund Paid to Consumers ⁵	Median Check
A to Z Marketing	1/24/2018	862	\$533,787	\$441,469	81%	\$526
Allstar Marketing	3/12/2018	218,254	\$7,232,123	\$4,798,012	64%	\$27
American Business Builders	7/25/2017	2,711	\$372,544	\$305,668	79%	\$21
Cardinal Health*	9/18/2017	901	\$17,322,935	\$16,389,010	61%	\$8,181
CWB Services	2/15/2018	72,836	\$2,958,108	\$1,543,373	50%	\$30
DeVry University	7/5/2017	173,222	\$49,122,784	\$39,277,520	80%	\$177
Health Formula	10/10/2017	227,764	\$9,811,044	\$7,186,451	72%	\$34
Help Desk National	1/30/2018	3,791	\$668,767	\$586,825	85%	\$168

John Fowler – Tachht	3/15/2018	18,301	\$437,666	\$352,345	70%	\$22
Lift International – Business Coaching Services	1/16/2018	7,583	\$2,243,051	\$1,858,216	82%	\$296
MyEx.com	3/21/2018	13	\$7,599	\$6,699	45%	\$500
Sale Slash	12/6/2017	442,898	\$8,077,304	\$5,554,447	65%	\$19
Stratford Career Institute	1/19/2018	8,043	\$216,183	\$151,367	61%	\$27



Subsequent Distributions July 1, 2017

Feedback from the Public

Protecting American consumers from illegal business practices is a critical part of the FTC's mission. The agency mails checks to people across the nation,⁸ and we hear from these consumers on a regular basis. They post comments to FTC consumer blogs, send thank you notes, and call our toll-

Refund Programs Administered by FTC Defendants and Other Federal Agencies

FTC staff also provides consultation and support for FTC cases where the court order requires the defendants—or another federal agency—to conduct a refund program. Only in rare circumstances do FTC settlements result in refund programs administered by defendants or another federal agency. When the FTC determines that this is in the best interest of the affected consumers, the Enforcement Division engages in close oversight and monitoring of the program to ensure it complies with the order. In these cases, FTC staff provides guidance about the proposed refund program to make sure eligible claimants receive plain language instructions about how to apply for a refund.

The FTC creates and maintains webpages for each FTC-related refund program, including those that are not administered by the FTC. This year, there were more than a million visits to these refund pages. A chart that links to all current FTC refund programs is available at www.ftc.gov/refunds, which is designed to help consumers verify that the check they have received is legitimate and to answer common questions. This year, the FTC

Conclusion

As part of its mission to protect American consumers, the FTC works to get money back to people who are harmed by illegal business practices. The Bureau of Consumer Protection enforces a variety of consumer protection laws enacted by Congress, as well as trade regulation rules issued by the Commission. Its actions include individual company and industry-wide investigations and administrative and federal court litigation. In all of its activities, the Bureau works to provide consumer refunds whenever feasible, and then develops customized refund programs that are designed to get as much money back to as many injured consumers as possible.

This year, the Commission's efforts led to billions of dollars in refunds for people across the nation. The data presented in this report will be used to inform future decisions about FTC refund programs, and to continue to ensure that the agency's efforts are effective and efficient.

Appendix A: FTC Case Details

Case	Product Code Or Type	Link
A to Z Marketing	Debt Management Credit Counseling	https://www.ftc.gov/enforcement/cases-proceedings/122-3074/z-marketing-inc-also-dba-client-services-apex-members-llc
Allstar Marketing	Shop-at-Home Catalog Sales	https://www.ftc.gov/enforcement/cases-proceedings/132-3207/allstar-marketing-group-llc
American Business Builders	Business Opportunity Work-at-Home Plans	https://www.ftc.gov/enforcement/cases-proceedings/122-3191/american-business-builders-llc-et-al
American Tax Relief	Debt Management Credit Counseling	https://www.ftc.gov/enforcement/cases-proceedings/1023083/american-tax-relief-llc-et-al
Cardinal Health	Health Care: Other Products Supplies	https://www.ftc.gov/enforcement/cases-proceedings/101-0006/cardinal-health-inc
Centro Natural Corp	Third Party Debt Collection of Bogus Debt	https://www.ftc.gov/enforcement/cases-proceedings/142-3159/centro-natural-corp
CPU Services	Internet Information Services: False Invoices	https://www.ftc.gov/enforcement/cases-proceedings/142-3070-x140045/your-yellow-book-inc
CWB Services	Lending: Payday Loans	https://www.ftc.gov/enforcement/cases-proceedings/132-3184-x140065/cwb-services-llc
DeVry University	Education: Colleges and Universities	https://www.ftc.gov/enforcement/cases-proceedings/132-3278/devry-university
Expense Management America	Debt Management Credit Counseling	https://www.ftc.gov/enforcement/cases-proceedings/122-3069/ema-nationwide-also-dba-ema-expense-management-america-et-al
Fair Guide	Office: Ad Space Directory Listings	https://www.ftc.gov/enforcement/cases-proceedings/132-3001-x130040/fair-guide-construct-data-publishers-dba-fair-guide
Goldman Schwartz	Third Party Debt Collection	https://www.ftc.gov/enforcement/cases-proceedings/122-3096-x130029/goldman-schwartz-inc
Health Formulas	Health Care: Dietary Supplements	https://www.ftc.gov/enforcement/cases-proceedings/132-3159-x150015/health-formulas-llc-doing-business-simple-pure
Help Desk National	Tech Support Scams	https://www.ftc.gov/enforcement/cases-proceedings/162-3042-x160045/help-desk-national
Inbound Call Experts – Advanced Tech Support	Tech Support Scams	https://www.ftc.gov/enforcement/cases-proceedings/132-3135/inbound-call-experts-llc

Internet Teaching and Training Specialists	Business Opportunity Work-at-Home Plans	https://www.ftc.gov/enforcement/cases-proceedings/172-3077/internet-teaching-training-specialists-llc
John Fowler – Tachht	Health Care: Diet Products Centers Plans	https://www.ftc.gov/enforcement/cases-proceedings/152-3080/john-fowler
Lift International – Business Coaching Services	Business Opportunity Work-at-Home Plans	https://www.ftc.gov/enforcement/cases-proceedings/152-3233/lift-international-llc
Money Now Funding – Rose Marketing	Business Opportunity Work-at-Home Plans	https://www.ftc.gov/enforcement/cases-proceedings/122-3216-x130063/money-now-funding-llc
MyEx.com	Internet Information Services: Revenge Porn	https://www.ftc.gov/enforcement/cases-proceedings/162-3052/emp-media-inc-myexcom
Oro Marketing	Business Opportunity Work-at-Home Plans	https://www.ftc.gov/enforcement/cases-proceedings/132-3047-x140010/oro-marketing-inc-et-al
Prime Legal Plans	Debt Management Credit Counseling	https://www.ftc.gov/enforcement/cases-proceedings/refunds/prime-legal-plans-llc
Regency Financial	Debt Management Credit Counseling	https://www.ftc.gov/enforcement/cases-proceedings/142-3059/regency-financial-services-llc
Rincon Debt Management	Third Party Debt Collection	https://www.ftc.gov/enforcement/cases-proceedings/112-3142/rincon-management-services-llc
Sale Slash	Health Care: Diet Products Centers Plans	https://www.ftc.gov/enforcement/cases-proceedings/142-3247/sale-slash-llc
Sensa	Health Care: Diet Products Centers Plans	https://www.ftc.gov/enforcement/cases-proceedings/112-3102/sensa-

