

Chairman Chuck Grassley
U.S. Senate Committee on the Judiciary
Questions for the Record
Ms. Lois Greisman

Hearing: “Protecting Older Americans from Financial Exploitation”

1. I understand that since 2005, the FTC has brought nearly forty cases against fraudsters who have targeted or disproportionately harmed older Americans. Yet the FTC reportedly received nearly 2.3 million complaints from consumers about various scams in 2014 alone.
 - a. With the FTC receiving millions of complaints each year, I want to know why the FTC seems to be averaging around three enforcement cases per year against these specific types of cases. Can you help to provide some context to these numbers?

*Each case we investigate involves thousands of consumers and thousands, and often hundreds of thousands, of dollars (or more), plus prevention of future harm. For example, in *FTC v. Lumos Labs, Inc.*,¹ the FTC alleged that the creators and marketers of a “brain training” program scammed about one million consumers. Through a settlement, the FTC was able to recover about \$2 million for consumer redress, provide a means for consumers to cancel their subscriptions, and prevent the defendants from causing further harm. Moreover, the FTC has many cases under investigation at any given time; cases under investigation are not represented in the number of cases that the FTC files in federal court in a particular year. In other words, the FTC is pursuing many more cases at any given time than the number of cases it files each year. At the same time, this is a target rich area, and we are necessarily constrained by our limited resources.*

- b. Do you feel that the FTC’s enforcement efforts are sufficiently aggressive with respect to fraudsters who are targeting older Americans?

*Yes. When we identify fraudulent activity targeting older Americans, we use the most aggressive tools we have as a civil law enforcement agency – we seek and courts generally approve *ex parte* temporary restraining orders with asset freezes, appointment of receivers, and immediate access to the business premises, so that we can preserve evidence and assets to return to consumers.*

¹ *FTC v. Lumos Labs, Inc.*, No. 16-CV-00001-SK (N.D. Ca. Jan. 8, 2016), available at <https://www.ftc.gov/news-events/press-releases/2016/01/lumosity-pay-2-million-settle-ftc-deceptive-advertising-charges>.

2. According to the Elder Justice Coordinating Council, the use of multidisciplinary teams is key to combating elder financial exploitation, because successfully tackling these complex crimes requires coordination across many areas of expertise.

- a. What specific steps is FTC taking to enhance coordination between key stakeholders at the federal, local, and state levels?

The FTC brings together federal, state and local law enforcement agencies and advocates around the country to identify frauds, to discuss law enforcement strategies, and to develop partnerships to disseminate consumer education materials. For example, since 2010, the FTC has hosted 31 Common Ground conferences around the country to hear from local law enforcers and legal services advocates about what frauds are affecting their communities. The FTC also focuses on research to guide our law enforcement and consumer education messages. Notably, the FTC will host a workshop on December 6, 2016, to examine how changing consumer demographics in the United States affect its consumer protection work, and we will invite all key stakeholders to participate.

- b. Do you believe there are any challenges at the federal level in particular with regard to coordinating enforcement and consumer education efforts? Where do you see opportunities for improved coordination, communication, or streamlining?

The greatest challenge we face is the abundance of targets in the marketplace. With Consumer Sentinel, our secure online database of consumer complaints, we can share complaints with 2,000 local law enforcement agencies. These complaints can be sorted by geographic area, and law enforcement agencies can place “alerts” in the system to ensure others know if a particular target is under investigation. Our work to coordinate enforcement and consumer education is ongoing, and we are always seeking ways to improve. For example, 20 state Attorney General offices contribute their complaints to the Consumer Sentinel Network database, and we continue to seek avenues to bring new states on board.

In addition, we will continue to hold public events and inter-agency workshops, and expand our outreach to consumers, especially older consumers.

3. I’m concerned about scammers who are using new technologies and social media to find their next targets for exploitation. We hear more and more about so-called “sweetheart” scams and “tech support” scams, which are largely perpetrated over the Internet. I want to know what strategies the FTC is taking to protect seniors as they go online.

- a. Can you speak to the way in which fraudsters are taking advantage of emerging technologies and modern communication, such as social media, to lure potential victims?

*There are indications that fraudsters are using social media to obtain personal information that they then use in scams. For example, a scammer might learn the name of a consumer's grandchild on Facebook, and then try to contact the consumer in a grandparent scam. The [FTC's website](#) contains specific information, including videos, about romance, tech support and grandparent scams. Similarly, *Pass It On* encourages older Americans to share what they have learned about scams, because talking about fraud with friends and neighbors helps them identify and avoid scams. Consumer education is the best way to protect older consumers from becoming vulnerable online.*

- b. What specifically is the FTC doing to stay ahead of the curve in protecting older Americans in this evolving landscape?

The FTC has adopted a multi-faceted approach to protect consumers, including older Americans, in today's digital marketplace.

First, we stay engaged with stakeholders. The FTC holds workshops to keep up with trends, often focusing on new and emerging technologies. In addition, we work with industry groups and companies specifically on technology scams affecting older Americans.

Second, the FTC amends its rules periodically to keep up with the changing landscape. For example, the FTC recently amended the Telemarketing Sales Rule, so it is now illegal for telemarketers to accept payment methods that have been exploited by con-artists, such as remotely created checks, cash-to-cash wire transfers, and cash reload mechanisms, such as MoneyPak.

Third, we spur innovation to develop tools to assist consumers. For example, because many fraudulent offers come in through the phones via robocalls, the FTC has run several Robocall challenges, in which we asked the public to develop tools to fight illegal robocalls. These tools have included technology to block robocalls, a next generation robocall honeypot (an information system that collects data on robocalls), and algorithms that analyze honeypot data to detect calling patterns and robocaller tactics. The [winning solutions](#)² help protect consumers and aid law enforcement; some are also commercially marketed.

- c. Does this reality present specific challenges to FTC's enforcement and consumer education efforts? If so, what strategies has FTC implemented to overcome these challenges?

² See <https://www.ftc.gov/news-events/press-releases/2015/08/ftc-awards-25000-top-cash-prize-contest-winning-mobile-app-blocks>, <https://www.ftc.gov/news-events/press-releases/2014/08/ftc-announces-winners-zapping-rachel-robocall-contest>, and <https://www.ftc.gov/news-events/press-releases/2013/04/ftc-announces-robocall-challenge-winners>.

In order to fulfill its mission to protect consumers, the FTC strives to keep up with changes in the online marketplace. We continually update the information, blogs and videos on our website, especially the Pass It On materials for older consumers, and actively push that information out to stakeholders. FTC staff also speak at community and train-the-trainer events throughout the country, often specifically to educate older Americans and their caregivers about fraudsters who may be targeting them.

4. We've heard about the FTC's "Pass It On" initiative, which is designed to help older Americans pass the word on about fraudulent schemes and scams to their family and friends.
 - a. Can you elaborate on this initiative and how it's specifically designed to help stop financial exploitation?

The FTC developed Pass It On based on research and interviews with older adults and people who work with them. According to the research, the most effective way to inform seniors is to recognize and affirm their life experience, and arm them with information they can share with others. Pass It On was therefore created not just as a source of information, but as material for older Americans to "pass on" to their family and friends, as active participants in preventing fraud.

- b. What have been the results of this initiative so far? What type of feedback have you received from legal services providers, adult protective services, and other entities regarding the effectiveness of these materials?

The FTC has distributed 4.4 million copies of Pass It On materials since the program's inception, and the Pass It On [web page](#)³ has been viewed about 60,000 times. Feedback from consumers and service providers has been overwhelmingly positive. We would like to thank Senator Grassley for posting a link to Pass It On on his website; we welcome his assistance in getting this important "pass it on" message out to seniors.

³ <https://www.consumer.ftc.gov/features/feature-0030-pass-it-on>.