



¹ These remarks are my own and do not necessarily represent the views of the Commission or any other Commissioner.

each appointed by the President and confirmed by the Senate. Despite our small size, the FTC has a very broad mandate: we are the nation's primary consumer protection agency, and we are charged with protecting competition through enforcement of the nation's antitrust laws. When businesses compete fairly within a set of rules, consumers win. When the market is open and free, legitimate businesses compete on the merits, and consumers have access to quality goods and services and lower prices. But, of course, not all businesses are legitimate, and even some that are want to cut corners and exaggerate (or worse) in making claims about their products. As a consumer, you need truthful information to help you make purchasing decisions. So, in addition to working to ensure a competitive marketplace, we seek out and challenge unfair and deceptive practices in the marketplace.

The FTC's work directly impacts you as a consumer. You might wonder where you should go for help if you become a victim of identity theft. You might wonder whether that pill advertised on TV late at night could possibly cause all that weight loss. You might worry that a merger of two pharmacies in your neighborhood might mean higher prices and less choice. In each of these situations, the FTC works to protect you and help you protect yourself.

III. Identity Theft

In the past few weeks, the FTC has received consumer complaints that have included the following:

- A woman from Massachusetts called to report that an identity thief had obtained a \$100,000 business loan in her name.
- A man from Connecticut reported that an identity thief created a fake driver's license and obtained a power of attorney in his name, and then secured a mortgage for over \$400,000.
- Another consumer discovered that his identity had been stolen when the IRS tried to collect a debt from him after a fraudulent tax return had been submitted in his name.

³ See FTC Press Release, *BJ's Wholesale Club Settles FTC Charges: Agency Says Lax Security Compromised Thousands of Credit and Debit Cards* (June 16, 2005), available at <http://www.ftc.gov/opa/2005/06/bjswholesale.shtm> FTC Press Release,

have formed many partnerships to help us broaden our reach – including with AARP, where state offices have used the kit to train Fraud Fighters to go into the community and educate.

Let me offer some practical advice from our campaign. To **deter** ID theft, start with protecting your Social Security Number. Leave your Social Security card in a safe place at home, rather than carrying it with you. The same goes for Medicare cards or any other card with your Social Security Number. Bring them with you if you need them, but otherwise, leave them safely at home.

Be careful about your mail and trash. ID thieves still use low-tech ways to get personal information, so you can make it harder for them by shredding bills or statements before throwing them away. You can reduce the chances that your mail will be stolen by using a locking mailbox, and by stopping your mail when you go on vacation. And you can consider opting out of pre-screened credit offers, which would reduce the amount of mail you get. You also should keep important financial documents in a safe place at home, away from prying eyes. And, if you no longer need a financial document, it is best to shred it.

Use strong passwords when you go online. These are passwords that combine letters, numbers and symbols, and are never words – even words spelled backwards – or important dates, like birthdays or anniversaries. To make them easy for you to remember, you can substitute numbers or symbols for letters – using a dollar sign for an “S”, or a “3” instead of an “E”. You can also think of a phrase and use the first letters: for example, “the Cleveland Browns win the Superbowl” becomes “T-C-B-W-T-S.” (Believe me, I have been waiting my whole life for that to happen – no identity thief would come up with that one!) These tricks make it harder for ID thieves to get to your sensitive information.

You can **detect** identity theft in two key ways. First, read your bills and statements carefully. If an ID thief has obtained access to your bank account or credit card, activity should show up on your statements. The sooner you spot the theft, the sooner you’ll be able to address

it and stop the thief. Second, check your credit report. This is a good way to make sure that no one but you has opened any new accounts in your name. It is your right to get one free copy of your report from each of the three nationwide credit reporting companies each year. You can do this by visiting annualcreditreport.com, which is the *only* source of the free annual credit reports.

If your identity is stolen, you can **defend** your good name by taking four steps immediately:

1. Call one of the three credit reporting companies to report the ID theft and place a fraud alert;
2. Close any accounts that have been affected;
3. File a report with law enforcement; and

IV. Spam

Email technology has brought us great gifts in the form of quick and efficient communication. Email makes it easier to stay in touch with old friends, children, and grandchildren, and it allows many of us to work remotely. But it also has brought us spam, which has the potential to inundate our in-boxes with unwanted email, facilitate fraud, and undermine our trust and confidence in the Internet.

The volume of unsolicited emails being reported by email filtering companies is rising, increasing costs for businesses and consumers alike. Even more troubling, spam reaching consumers' inboxes is more often being used to launch phishing attacks and to deliver malicious code or "malware" to consumers' computers. This new generation of malicious spam goes beyond mere annoyance – it can result in significant harm to consumers and undermine the stability of the Internet and email in particular.

The FTC is working to combat malicious spam in several ways. The first is through law enforcement. We cannot permit the electronic world to become a lawless frontier. Since 1997, the Commission has aggressively pursued deceptive and unfair practices perpetrated through spam in 90 law enforcement actions against 143 individuals and 100 different companies, with 26 of the cases brought after Congress enacted spam legislation known as the CAN-SPAM Act.

For example, the FTC has brought several cases challenging spammers' failure to inform recipients that email contains sexually explicit content. The FTC's Adult Labeling Rule and the CAN-SPAM Act require commercial e-mailers of sexually explicit material to use the phrase "SEXUALLY EXPLICIT" in the subject line, and to ensure that the initially viewable area of the message does not contain graphic sexual images.⁶ In 2005, the FTC sued seven companies in a crackdown on illegal "X-rated" spam that violated CAN SPAM and the Adult Labeling Rule.

⁶ See FTC Press Release, *FTC Adopts Rule That Requires Notice That Spam Contains Sexually-Explicit Material* (Apr. 13, 2004), available at <http://www.ftc.gov/opa/2004/04/adultlabel.shtm>.

⁷ See FTC Press Release, *FTC Cracks down on Illegal “X-rated” Spam*

authentication, to “uncloak” these anonymous spammers, and the Commission is encouraged by reported increases in the adoption rates for email authentication.

We also are working more closely than ever with our international counterparts to share information and cooperate on investigations to bring spammers to justice, no matter where in the world they are located. Just last year, Congress gave us new tools to fight any kind of fraud that crosses international borders, and we are beginning to use these new tools so that we can be more effective in combating cross-border fraud.

Of course, another key component of combating spam is educating consumers. Because spam costs virtually nothing to send, even if only one in a million consumers responds by sending money or personal information in response to a spam email, it is worth it for spammers to send. Our message to you is: Don’t let this happen; when you receive spam, hit the delete button.

The centerpiece of our efforts to educate consumers about spam is OnGuardOnline.⁹ OnGuardOnline.gov is an innovative multimedia website developed in partnership with other government agencies and the technology industry. It provides general information on online safety, interactive educational games that teach consumers how to spot online scams, and specific information on a range of topics. Since its launch in late 2005, OnGuardOnline has attracted more than 3.5 million visits.

One of the “modules” on our OnGuardOnline site is devoted to a particular type of spam called “phishing,” spelled with a “p-h.” By now, we all likely have received those emails that purport to come from banks or other legitimate businesses and look remarkably real, but ask us to “confirm” our account number or Social Security Number or our account will be shut down.

⁹ See FTC Press Release, *FTC and Partners Urge Consumers to Be OnGuard Online* (Sept. 27, 2005), available at <http://www.ftc.gov/opa/2005/09/onguardonline.htm>.

perfect stranger – with whom to share a fortune? And second, why would you share your personal or business information, including your bank account number, with someone you do not know? If it sounds too good to be true, that’s because it is.

You can also forward any spam emails to the FTC’s spam database at this address: spam@uce.gov. The FTC and its law enforcement partners use this database to generate cases against spammers. Once you send your spam to us, be sure to delete it from your own computer.

V. False Claims About Health Care Products

The FTC also has a vigorous enforcement program directed at deceptive advertising. Within this realm, a top priority is to prosecute companies that make bogus claims about health care products and, when possible, getting money back to consumers who were scammed. Too often, consumers fall prey to fraudulent health claims for pills, creams, and devices because they are desperate for help. Fifty million Americans suffer from a chronic pain condition¹⁰ and have found no effective cure or treatment.¹¹ Seventy million Americans are trying to lose weight.¹² Millions more suffer from diseases such as cancer and diabetes. And, unfortunately, unscrupulous individuals are standing by to take advantage.

Take this claim, made in an infomercial. A woman suffering from ovarian cancer spoke of the insufferable pain she endured from multiple rounds of chemotherapy: “There’s just some mornings I just can’t even get out of bed,” she says before describing how this particular product

¹⁰ Source: American Chronic Pain Association, “Pain Fact Sheet,” *available at* http://www.theacpa.org/pu_main_02.asp.

¹¹ Source: National Pain Foundation, “Key Messages About Chronic Pain,” *available at* <http://www.nationalpainfoundation.org/NationalPainAwareness/KeyMessagesAboutChronicPain.DOC>

¹² Source: Journal of the American Medical Association, “Prevalence of Attempting Weight Loss and Strategies for Controlling Weight,” *available at* <http://jama.ama-assn.org/cgi/content/abstract/282/14/1353>.

¹³ *FTC v. QT, Inc.*, 448 F. Supp.2d 908, 924-25 (N.D. Ill. 2006).

¹⁴ See FTC Press Release, *Repeat Offenders Banned From Claiming Products Treat or Cure Diseases* (Aug. 10, 2006), available at

and advance payment requirements; and promises of no-risk money-back guarantees. Watching for these warning signs can help keep you from being taken in by fraud.

VI. Financial Issues

Another group of consumers who are vulnerable to fraud are those with credit or debt problems. Unfortunately, many consumers with financial problems have fallen prey to deceptive debt negotiation or other credit repair schemes. You may have seen advertisements, or even received fliers or telemarketing calls, about companies that offer to fix your credit. They claim to erase bad credit, create a new credit identity – legally (which, by the way, is not possible – legally), and remove bankruptcies, bad loans, and liens from your credit file.

Since 2003, the Commission has brought about a dozen cases challenging these type of financial practices, obtaining orders for redress or civil penalties of more than \$40 million. We have challenged, for example, those offering debt reduction services that charge hidden fees, those that promise to lower consumers' debts, and even those that claim they can eliminate accurate negative information from consumers' credit reports.

Of course, legitimate credit counseling organizations can provide valuable services to consumers, and we encourage zotheicrenutince 8.7i pra45 TD[(Ofnotunately, m)8gic bu(hat servicetive)]TJT*00

¹⁹ See FTC Press Release,

with the Federal Trade Commission. Although we do not have the staff to investigate every complaint individually, your complaint, combined with those of other consumers, add up to cases that can be brought to help protect all consumers. And out of those cases comes yet more

Thank you for being here. I am happy to take your questions.