



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS



Annual Highlights 2014

2014 HIGHLIGHTS



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FEDERAL TRADE COMMISSION

PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2014

A Message from Chairwoman Edith Ramirez



Welcome to the Federal Trade Commission's 2014 Annual Highlights. This past year marked the agency's centennial, and we had a wonderful series of commemorative events, including a visit early this year by President Obama in which he unveiled key privacy initiatives.

In these Highlights, you will find an overview of the FTC's major initiatives and achievements for calendar year 2014. Our accomplishments include important law enforcement work in key sectors of our economy—health care, technology, and a variety of consumer services; research and policy initiatives to better understand the dynamics of evolving markets and our increasingly digital and mobile world; international engagement to promote sound competition enforcement and protect consumers in the global marketplace; and creative and practical strategies to educate consumers and businesses about their rights and responsibilities.

We have also had a series of important appellate victories in the first quarter of 2015. In February, the Supreme Court upheld the FTC's position in *North Carolina State Board of Dental Examiners v. FTC* that state agencies comprised of market participants are subject to the antitrust laws in the absence of active state supervision. That same month, in the *St. Luke's Health System*'s matter, the U.S. Court of Appeals for the Ninth Circuit affirmed the Idaho district court's ruling that St. Luke's acquisition of the Saltzer physician group would have created a dominant provider of physician services for adults seeking primary care in Nampa, Idaho. Additionally, in January in the *POM Wonderful* case, the U.S. Court of Appeals for the D.C. Circuit affirmed the Commission's 2013 decision that the company and its principals deceptively advertised that their products could treat, prevent, or reduce the risk of certain diseases.

As we highlight the achievements of the last year, my fellow Commissioners—Julie Brill, Maureen Ohlhausen, Joshua Wright, and Terrell McSweeney—and I express our gratitude to the FTC's able staff for their dedication and tireless efforts on behalf of the American public. We had an incredible year and look forward to another century of service for American consumers.

Edith Ramirez, Chairwoman



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Enforcement

The Commission functions primarily as a law enforcement agency. We undertake both court and administrative actions to enhance competition and ensure that consumers are treated fairly.

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Introduction



The Commission obtained several important competition decisions in 2014, most notably two victories involving contested health care mergers. In the first favorable appellate ruling in a hospital merger enforcement action in nearly three decades, the Sixth Circuit upheld the Commission's order in *ProMedica Health System v. FTC*, finding that ProMedica's acquisition of rival St. Luke's Hospital violated the antitrust laws and would lead to higher prices for patients living near Toledo. According to the Court of Appeals, "[t]he Commission's analysis of this merger was comprehensive, carefully reasoned, and supported by substantial evidence."

In 2014, on the consumer protection side, the Commission obtained seven victories at the appellate level on important issues, including individual liability, contempt damages, advice of counsel defense, net impression, common enterprise, and the scope of asset freezes. The FTC also won seven litigated decisions in district court cases, which involved a range of topics including dietary supplements, business opportunities, Do Not Call violations, and deceptive online payday lending.

Here are the highlights of this year's law enforcement, which impact important sectors of the U.S. economy, such as health care and technology, and demonstrate the agency's commitment to stopping fraud and enforcing its orders.

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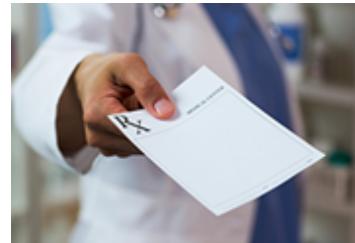
Health Care

The Commission promotes competition among health care providers to encourage cost-containment, excellence, and innovation. Using enforcement as its primary tool, the Commission works to prevent anticompetitive mergers and conduct that might diminish competition in health care markets.

One key enforcement effort is to prevent mergers that would give health care providers leverage to raise rates charged to health care plans for vital services. The Commission obtained a significant victory for consumers when the Ninth Circuit upheld a lower court ruling that the combination of the two largest providers of adult primary care physician services in the Nampa, Idaho area would substantially reduce competition. After an 18-day trial, the court found that the St. Luke's Hospital/Saltzer Group merger had increased St. Luke's ability to demand higher reimbursement rates for its affiliated doctors from commercial health plans in violation of the antitrust laws. In similar matters this year, the Commission required divestitures to preserve competition in a merger involving two hospital chains and another involving surgery centers.

The Commission reviews pharmaceutical mergers with an eye to preserving competition for everyday generic medications as well as emerging treatments. This year saw a significant uptick in pharmaceutical mergers, and the Commission announced settlements in seven mergers involving pharmaceutical products, from branded nicotine patches and generic eye drops to over-the-counter motion sickness medications. Two other actions in related markets required divestitures to preserve competition for balloon catheters and canine heartworm medicines.

The Commission also continues to challenge anticompetitive reverse payment patent settlements between branded and generic pharmaceutical mergers. After a favorable ruling from the Supreme Court in *FTC v. Actavis*, which cleared the way for antitrust review of potentially anticompetitive patent settlement agreements, the Commission will proceed to trial in its case against the maker of the drug AndroGel and two generic drug manufacturers. In September, the Commission brought a new federal action involving AndroGel, alleging that pharmaceutical company AbbVie and its partner Besins Healthcare engaged in anticompetitive tactics, including sham litigation, to delay introduction of lower-priced versions of the blockbuster drug. The facts here illustrate the evolving tactics used by branded firms that do not involve the payment of cash in exchange for the generic's agreement to delay. A third pay-for-delay case involving the drug Provigil is also pending in federal court.



On the consumer protection side, the Commission continues to focus on misleading health claims. The agency challenged Gerber's claims that feeding its Good Start Gentle formula to infants with a family history of allergies prevents or reduces the risk that they will develop allergies. The FTC also alleged that Gerber falsely advertised that these health claims were FDA-approved. In addition, i-Health, Inc. and Martek Biosciences Corporation settled charges stemming from claims that BrainStrong Adult was clinically proven to improve adult memory and prevent cognitive decline. According to the FTC's complaint, the study referenced in the ads was not designed to test cognitive decline, and people who took BrainStrong Adult did not show meaningful improvement on memory tests compared to people who took a placebo.

The FTC also continues to challenge claims rooted in the latest "miracle" products. A Canadian marketer agreed to pay \$500,000 to settle charges that it deceived consumers with bogus claims that its Double Shot pills would cause rapid, substantial, and permanent weight loss, without diet or exercise (making several claims included in Gut Check, the FTC's guide for media to spot false weight loss claims). The Commission also challenged unsubstantiated claims about the weight loss potential of green coffee beans. The agency charged NPB Advertising, Inc. and others with making bogus weight loss claims and using fake news sites to market a dietary supplement called Pure Green Coffee when no clinical study showed that the product causes quick or substantial weight loss. Applied Food Sciences, Inc. agreed to pay \$3.5 million to settle charges that it used the results of a flawed study to make baseless weight-loss claims about its green coffee bean extract to retailers, who repeated those claims when marketing dietary supplements and other products.

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Technology

Promoting competition in technology sectors can be especially important to ensure that technological advances continue to drive growth in the economy, creating jobs and introducing more efficient products and processes into the marketplace. For instance, to preserve competition in the growing market for rooftop aerial measurement services, the Commission authorized staff to block Verisk Analytics, Inc.'s proposed \$650 million acquisition of EagleView Technology Corporation. The Commission alleged that the proposed transaction would likely result in a virtual monopoly in the U.S. market for rooftop

aerial measurement products used by the insurance industry to estimate repair costs for property damage claims. Until 2008—when EagleView first offered its roof reports using proprietary software to analyze aerial images—insurance adjusters climbed roofs to measure the perimeter, slope, and other dimensions by hand. Today, insurance carriers use rooftop aerial measurement products for several reasons, including because they are safer, faster, and more accurate than traditional manual measurement. The parties abandoned the proposed merger.

The Commission also issued a complaint and order designed to preserve competition after the merger of CoreLogic and DataQuick, two of only three firms that license national assessor and recorder bulk data. Before the merger, the companies competed to provide data about individual real estate properties maintained by county assessor and recorder offices to a variety of customers, from financial firms who use the data for risk and fraud analysis to internet start-ups who create consumer-oriented real estate web sites. The settlement requires the companies to license a new competitor and provide all it needs to quickly and effectively compete in the market.

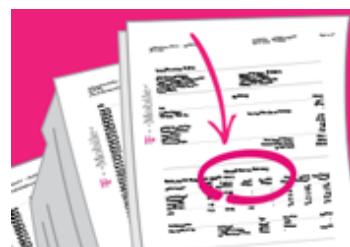


On the consumer protection front, the Commission brought several actions in the mobile arena involving in-app charges, privacy and data security, cramming, and data throttling. For starters, the FTC challenged the billing practices of three major players in the mobile application market—Apple Inc., Google Inc., and Amazon.com, Inc.. The FTC alleged that the companies billed parents without their consent for items kids bought in mobile apps. The companies either failed to require a password for in-app purchases or failed to alert parents that entering a password opened a significant window of time where kids could rack up charges. Apple and Google agreed to change their billing practices and pay at least \$32.5 million and \$19 million, respectively, to consumers. The FTC's case against Amazon is in litigation.

The agency has also been actively monitoring the mobile marketplace to safeguard data privacy and security. For instance, Fandango, LLC and Credit Karma, Inc. settled charges that they misrepresented the security of their mobile apps and put the sensitive personal information of millions of people at risk. Despite their security promises, these companies allegedly failed to take reasonable steps to secure their mobile apps, leaving people's sensitive personal information vulnerable to attackers who could intercept any of the information the apps sent or received. In addition, Snapchat settled charges that it deceived its users when it touted an app's ability to send "snaps" that would "disappear forever" after a set time. Moreover, the company's failure to secure its Find Friends feature led to a breach that enabled attackers to access usernames and phone numbers for millions of users. The settlement prohibits future misrepresentations and requires the implementation of a comprehensive privacy program. Finally, the FTC charged online review site Yelp Inc., and mobile app developer TinyCo, Inc., with improperly collecting children's information in violation of the Children's Online Privacy Protection Act (COPPA) Rule. The FTC alleged that Yelp failed to implement a functional age-screen in its apps, which allowed children under 13 to register for the service, despite having an age-screen mechanism on its website. The Commission also alleged that many of TinyCo's apps, which used themes appealing to children, brightly colored animated characters, and simple language, were in fact directed at children under 13; TinyCo therefore was required to comply with the COPPA Rule when collecting children's information, such as email addresses. To resolve the Commission's allegations, Yelp paid \$450,000 and TinyCo paid \$300,000 in civil penalties.

The Commission continues to prosecute crammers—third parties that place unwanted charges on consumers' phone bills—and this past year focused its attention on the role played by mobile carriers. AT&T Mobility, LLC and T-Mobile USA, Inc. agreed to pay \$80 million and at least \$90 million, respectively, to settle claims that they charged customers hundreds of millions of dollars for third-party subscriptions (such as ringtones and text messages) and pocketed a significant percentage of the charges.

The FTC also charged AT&T Mobility, LLC with misleading millions of its mobile customers by charging them for "unlimited" data plans while reducing—or "throttling"—their data speeds if they exceeded a certain data cap in a billing cycle. AT&T's practices made it difficult for customers to use their mobile devices for common tasks like browsing the web, using GPS, or streaming videos. The Commission alleged that AT&T did not provide truly unlimited data as it claimed, and did not make it clear that data speeds would be reduced.



Consumer Products and Services

The Commission works to preserve competition for purchases consumers make every day, from groceries and propane gas tanks to skating lessons and class rings. For instance, in Bil-O-Delhaize, the Commission required divestitures in 11 cities in Florida, Georgia, and South Carolina to preserve supermarket competition for shoppers in those towns. Two makers of class rings and memorabilia abandoned their proposed merger after the Commission authorized staff to seek to block the deal in federal court over concerns that the transaction would result in higher prices.

The Commission took action against the leading suppliers of propane exchange tanks, charging that AmeriGas and Blue Rhino worked together to force Walmart to accept a reduction in the fill level in propane exchange tanks. The Commission alleged that in 2008, Blue Rhino and AmeriGas each decided to implement a price increase by reducing the amount of propane in their exchange tanks from 17 pounds to 15 pounds, without a corresponding reduction in the wholesale price. When Walmart resisted, the two companies colluded by secretly agreeing to maintain a united front in order to push Walmart to accept the fill reduction. The companies settled the charges, agreeing not to work with competitors to modify fill levels or otherwise fix the prices of exchange tanks.

The Commission is also concerned about anticompetitive conduct that would likely lead to higher prices or lower quality for consumers who rely on professional services. The Commission challenges the rules and practices of trade associations that unreasonably limit competition among their members without a legitimate business reason. For instance, the FTC charged that the code of ethics of the Professional Skaters Association broadly banned members from soliciting other members' students, and thereby deprived consumers of the benefits of competition among the 6,400 ice skating teachers and coaches who are members. The Commission settled similar charges against the National Association of Teachers of Singing.

The Commission also works to stop deceptive or unfair marketing claims to ensure that consumers can make well-informed purchasing decisions. For instance, the FTC charged Down to Earth Designs, Inc. with making deceptive claims that its gDiapers diaper system is biodegradable, and alleged that N.E.W. Plastics Corp., American Plastic Lumber, Inc., and Engineered Plastic Systems, LLC misrepresented the recycled content and/or recyclability of their lumber products.

In addition, ADT LLC, a home security company, settled charges that it presented experts in child safety, home security, and technology as independent reviewers when in reality they were paid endorsers. The FTC alleged that ADT failed to disclose that it paid these experts more than \$300,000 to demonstrate and promote its security systems on television and radio shows across the country.

The agency also took action against 14 companies—representing a cross-section of industries, including retail, professional sports, laboratory science, and debt collection—for falsely claiming to participate in the international privacy framework known as the U.S.–EU Safe Harbor. The companies handle a variety of consumer information, including sensitive data about health and employment. The settlements prohibit the companies from misrepresenting the extent to which they participate in any privacy or data security program sponsored by the government or any other self-regulatory or standard-setting organization.

Instant Checkmate, Inc. and InfoTrack Information Services, Inc. settled charges that they violated the Fair Credit Reporting Act by providing reports about consumers to users, such as prospective employers and landlords, without taking reasonable steps to make sure that they were accurate, or without making sure their users had a permissible reason to have them.

Stopping Fraud

The FTC works to fight fraud that occurs in Every Community, and has stopped scams targeting older adults, Spanish speakers, and lower income consumers, among others. For instance, in Sun Bright Ventures, LLC, the FTC took action to

stop a telemarketing scheme that tricked older adults into divulging their personal information by claiming to be part of Medicare, and then used the information to debit consumers' bank accounts. The FTC also stopped Hispanic Global Way Corporation, an operation that charged Spanish-speaking consumers for unordered or defective products and then made it practically impossible for them to obtain refunds.



As part of Operation Mis-Modification, a joint federal and state enforcement sweep, the agency charged six companies with taking hundreds, and even thousands, of dollars for mortgage modifications, and then leaving homeowners worse off. Consumer Portfolio Services, Inc., a national subprime auto lender, agreed to pay more than \$5.5 million in redress and civil penalties to settle charges that it used illegal tactics to service and collect consumers' loans, including collecting money consumers did not owe, harassing consumers, and disclosing debts to friends, family, and employers. In addition, the FTC stopped CWB Services, LLC, an online payday lending scheme that bilked people out of tens of millions of dollars by trapping them into loans they never authorized and then used the supposed "loans" as a pretext to take money from their bank accounts.

The agency also continued its efforts to prevent business opportunity fraud. Fortune Hi-Tech Marketing settled allegations that it operated an illegal pyramid scheme disguised as a multilevel marketing program and agreed to refund at least \$7.7 million to consumers who lost money. The defendants operating The Tax Club, Inc. agreed to surrender assets valued at more than \$15 million to resolve allegations that they misled consumers trying to start their own business. In the case against The Zaken Group, a federal court ordered the company and its president to pay more than \$25 million in refunds to consumers who were conned with bogus claims that they could earn substantial income working at home. In granting summary judgment, the court found that more than 99.8 percent of the 110,000 consumers affected by the scheme earned no money.

The Commission also prosecutes tech support schemes, in which scam artists masquerade as major computer companies, trick consumers into believing their computers are riddled with malware, and then charge consumers to "fix" them. A federal court ordered the operators of several international tech support scams to pay more than \$5.1 million. In other actions, federal courts shut down a New York-based scheme that made more than \$2.5 million and two massive telemarketing schemes that conned thousands of people out of more than \$120 million.

We have also continued our efforts to stop illegal telemarketing calls. For instance, the FTC permanently shut down Worldwide Info Services, Inc., a scheme that bilked older people by using pre-recorded robocalls to sell them supposedly "free" medical alert systems. In addition, a home security company, Versatile Marketing Solutions, settled allegations that it illegally called millions of people on the National Do Not Call Registry to pitch home security systems. Versatile bought phone numbers from lead generators who claimed that consumers had given the company permission to contact them, but in reality used illegal means, such as robocalls and fake surveys, to compile their lists. The FTC alleged that Versatile ignored warning signs that the lead generators were engaged in illegal telemarketing practices.

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Enforcing Orders

The Commission continues to pursue an aggressive order enforcement program to complement its federal court consumer fraud program, including civil contempt actions, and the criminal liaison program. The agency also actively pursues collection proceedings to obtain payment of judgments it obtains.

At the FTC's request, a U.S. district court held Byron Wolf and Roy Eliasson in contempt, requiring them to pay \$14.75 million. The defendants violated a December 2008 court order that barred them from making misrepresentations and billing consumers without authorization. ICON Health and Fitness, Inc. and its related entities agreed to pay \$3 million in civil penalties to settle FTC charges that the companies violated a 1997 Commission order by advertising that using their exercise equipment for just three minutes a day would result in significant weight loss.

In May 2014, the agency obtained a contempt order against [Hi-Tech Pharmaceuticals, Inc.](#) A federal court ordered the defendants to pay more than \$40 million for violating a 2008 court order related to the sale of three weight-loss and health-related dietary supplements. The defendants continued to market their products with unsubstantiated claims such as “rapid fat loss,” “fat burner,” “thermogenic,” and “curbs the appetite.” In September 2014, the court held the defendants in contempt of the May 2014 order’s requirement to recall several products. The court ordered the defendants to be jailed for more than two months until they completed the recall.



When civil enforcement mechanisms are not enough, the FTC calls its criminal law partners. Our Criminal Liaison Unit (CLU) works with criminal authorities to stop consumer fraud in its tracks. CLU provides evidence and information that builds strong criminal fraud cases and assists in the trial and conviction of FTC defendants and their associates. In 2014, prosecutors relied on FTC information and support to charge 165 criminal defendants and secure dozens of convictions with sentences averaging almost 7 years. Notably, one-third of these defendants received sentences of 10 years or more for their participation in consumer frauds that included international lottery, business opportunity, advance fee loan, and credit card scams. For example, Pasquale Pappalardo, a defendant in the FTC’s [Timeshare Mega Media](#) case, is now serving a 20-year sentence for pretending to have buyers lined up for consumers’ timeshare properties and then tricking them into paying hundreds or thousands of dollars in upfront fees.

In 2014, the Commission collected the entirety of two large outstanding judgments: a \$21 million judgment against [Lights of America](#); and the remainder of a \$15.9 million judgment against [National Urological Group](#). Additionally, the FTC’s Bankruptcy Unit handled 12 cases in 2014, preserving more than \$33 million in judgments from discharge in bankruptcy. The Commission also intervened in the bankruptcy proceedings of an education technology company, [ConnectEdu](#), to raise concerns about the proposed sale of the company’s assets, which included information collected from high school and college students. ConnectEdu’s privacy policy promised that, prior to any sale of the company, consumers would be notified and have the ability to delete their personally identifiable data. The Commission noted that the terms of sale of the company did not provide consumers this notice and choice, and could potentially run afoul of both the FTC Act and the Bankruptcy Code. The bankruptcy court agreed, and ordered the seller and purchasers to provide consumers with notice and the opportunity to opt out of having their personal data transferred.

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Policy

The Commission works to advance government policies that promote competition and protect consumers.

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Introduction

In addition to an aggressive enforcement program, the agency files [advocacy comments](#); files [amicus briefs](#) to aid in court deliberations; gives [Congressional testimony](#); solicits and reviews [public comments](#) regarding rules, cases, and policies; issues [advisory opinions](#); conducts [workshops](#); and publishes [reports](#) that examine cutting-edge antitrust and consumer protection issues. The FTC also works with state, local, and community-based organizations throughout the nation, and competition and consumer protection agencies around the world to promote cooperation and sound policy approaches. We have strong relationships with our counterparts at home and abroad, and help countries develop and enhance their competition and consumer protection programs.

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Advocacy Comments

The Commission continues to provide guidance and recommendations to policy makers on how best to incorporate competition principles into regulatory decision-making. In the health care area, for example, staff issued advocacy comments to legislators in [Massachusetts](#) and [Missouri](#), as well as a [policy paper](#), addressing the scope of practice of advanced practice nurses. Staff also issued comments to legislators in [Texas](#) regarding dental service organizations and to the [American Dental Association's Commission on Dental Accreditation](#) regarding proposed accreditation standards for Dental Therapy Education Programs.

Staff filed several comments to promote competition in the sale of automobiles, including comments in [Missouri](#) and [New Jersey](#) regarding direct-to-consumer sales by automobile manufacturers, and in [Illinois](#) regarding dealers' ability to sell cars on Sundays. Staff also filed comments in [Massachusetts](#) and the [District of Columbia](#) regarding dynamic pricing for electricity, which can enhance efficiency and drive down prices.

In addition, staff provided NACHA (The Electronic Payments Association), with a comment supporting its proposal to strengthen its rules to monitor bank debit transactions conducted through the Automated Clearinghouse (ACH) Network. The Commission provided the National Highway Traffic Safety Administration with comments related to the privacy and security implications of vehicle-to-vehicle communications, an issue previously addressed at the FTC's November 2013 workshop on the Internet of Things. The comment also commended NHTSA for designing a V2V system to limit the data collected and stored to only that which serves its intended safety purpose.

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Amicus Briefs

In March 2014, the Commission filed an amicus brief in *Jo Batman v. Facebook, Inc.*, pending before the U.S. Court of Appeals for the Ninth Circuit, arguing against a district court ruling that COPPA preempts state privacy laws regarding children between 13 and 18 years of age. In its brief, the FTC argued that COPPA's preemption provisions do not apply to state privacy protections for teenagers, who are not covered by COPPA.

In March 2014, the Commission filed an amicus brief in *Buchanan v. Northland Group Inc.*, pending before the U.S. Court of Appeals for the Sixth Circuit. The agency argued jointly with the CFPB that a debt collector's offer to "settle" a debt beyond the statute of limitations, and other representations, could violate the Fair Debt Collection Practices Act (or FDCPA) because unsophisticated consumers could be misled into believing that the debt could be enforced through litigation. In August 2014, the Commission filed another joint brief with the CFPB in *Hernandez v. Williams, Zinman & Parham, P.C.*, pending before the U.S. Court of Appeals for the Ninth Circuit. The FDCPA requires a debt collector to send a consumer an initial notice containing important information about the consumer's debt and rights. The joint brief argued that each debt collector that contacts a consumer—not just the first debt collector that attempts to collect a particular debt—must send a notice that complies with this provision.

The Commission filed several amicus briefs with the Department of Justice in *Motorola Mobility LLC v. AU Optronics Corp.*, private litigation that implicates the proper application of the provisions of the Foreign Trade Antitrust Improvements Act of 1982, 15 U.S.C. § 6a, which parallel those of Section 5(a)(3) of the FTC Act, 15 U.S.C. § 45(a)(3). While acknowledging the concern expressed by some foreign governments about the potential collision between foreign and domestic antitrust law associated with the extraterritorial application of federal statutes, the brief notes that it is generally accepted that the Sherman Act applies to foreign conduct meant to produce and producing effects in the United States. By making such conduct subject to the Sherman Act only under certain conditions, Congress struck a balance that protects the country's commerce and consumers against substantial anticompetitive harm, even when it has foreign origins, while avoiding unreasonable interference with the regulation of foreign markets by other countries.

In April, the Commission filed as amicus curiae *In re Lamictal Direct Purchaser Antitrust Litigation* urging the U.S. Court of Appeals for the Third Circuit to reverse a district court determination that a brand-name drug manufacturer's commitment not to introduce an authorized generic version of its own brand-name drug in exchange for a generic drug company's promise to drop a patent challenge was not a "reverse-payment" under the U.S. Supreme Court's decision in *FTC v. Actavis, Inc.*, 133 S. Ct. 2224 (2013). In June, the Commission filed an amicus brief before the district court in *Mylan Pharmaceuticals, Inc. v. Celgene Corp.*, discussing the unique regulatory framework that applies to the pharmaceutical industry, which may bear on the court's analysis of when a branded monopolist violates the antitrust laws by refusing to deal with a potential generic competitor.

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Congressional Testimony

Congressional panels often ask FTC Commissioners and staff to testify about the agency's activities and to provide expertise on topics related to consumer protection and competition. In 2014, consumer protection topics included data security, data brokers, online advertising, false and deceptive advertising of weight loss products, wireless cramming, and

phone scams. Competition related testimony addressed occupational licensure. The testimony given on behalf of the Commission shines a light on issues of importance to our nation's lawmakers and consumers. See [testimony](#) offered during 2014 — and for the statements offered by our Commissioners and staff.

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Workshops and Public Forums

Hosting workshops on emerging business practices and technologies is another example of how the Commission advances its competition and consumer protection missions. The FTC convenes fellow regulators and enforcement partners, as well as industry representatives, consumer advocates, and academics for lively, informative, and often groundbreaking



discussions of the policy, enforcement, and outreach challenges posed by current issues. The Commission held a number of workshops to explore health care competition issues. The "Examining Health Care Competition" series included a March 2014 [workshop on a variety of activities and trends in the health care industry](#), as well as a February 2015 workshop (co-sponsored with the U.S. Department of Justice Antitrust Division) to [study recent developments related to health care provider organization and payment models](#).

In February 2014, the Commission held a [workshop to explore competition issues involving biologic medicines and follow-on biologics](#). Another workshop held jointly with the Antitrust Division, in June 2014, explored the economics and legal policy implications of [conditional pricing practices](#) such as loyalty and bundled pricing.

The agency also hosted a series of consumer protection events dealing with a variety of technology-related issues, including [Big Data](#), [consumer health data](#), [alternative scoring products](#), and [mobile device tracking](#). In addition, as part of its [Every Community](#) initiative, the FTC hosted an event to explore how [Fraud Affects Every Community](#) and another about [Debt Collection and the Latino Community](#).

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Reports

Commission and staff reports continue to shed light on several important topics. In 2014, the agency issued a [Data Broker Report](#) recommending that Congress consider legislation to make data broker practices more visible to consumers and to provide greater control over the personal information collected and shared by data brokers. FTC staff issued a [Report on Mobile Shopping Apps](#), which found that many mobile shopping apps do not provide consumers with important information, such as how the apps manage payment-related disputes or handle consumer data, prior to download.

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Every Community Initiative and Legal Services Collaboration

Last year, the FTC launched the Every Community Initiative to expand our efforts to combat fraud in all communities, including older adults, servicemembers and veterans, low-income communities, African-Americans, Latinos, Asians, and Native Americans. This Initiative and our Legal Services Collaboration program enable us to reach communities throughout the nation to learn about the consumer protection problems affecting them. As part of these efforts, the FTC hosted a workshop titled [Fraud Affects Every Community](#) focusing on how fraud affects diverse populations, and conducted



Common Ground Conferences in seven different cities bringing together law enforcement, community groups, legal services providers, advocates, and others to focus on how we can better collaborate to protect consumers. These partnerships have also enabled us to provide information to a variety of organizations who, in turn, help alert local communities about scams. This work has also informed our law enforcement work priorities and the development of consumer education.

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International Engagement

The FTC promotes sound approaches to issues of mutual international interest by building relationships with counterpart agencies around the world on competition and consumer protection issues.



The FTC continues to lead efforts to promote convergence toward sound and effective antitrust enforcement internationally. The FTC co-leads the [ICN's Agency Effectiveness Working Group](#) and its Investigative Process Project, which we expect to result in the ICN's adoption of guidance on issues such as transparency, meaningful engagement with parties, and confidentiality in antitrust investigations. The FTC was a key drafter of recent revisions to the [Organization for Economic Cooperation and Development \(OECD\) Recommendation on international cooperation in competition investigations](#).

Last year, we coordinated with antitrust agencies in 37 investigations, including in transactions such as [Medtronic's acquisition of Covidien](#), in which we worked with antitrust agencies in Canada, China, the European Union, Japan, and Mexico to reach consistent results. We also continue to foster cooperation with our counterparts in other countries and this year, as an example, signed an agreement with the [Colombian competition agency](#) that provides a cooperation framework. To foster convergence with counterparts, we held bilateral antitrust consultations with the Japan Fair Trade Commission and the Korea Fair Trade Commission, and we remain engaged with key partners in Canada and Europe.

The FTC participated in the U.S.-China [Joint Committee on Commerce and Trade](#) and [Strategic and Economic Dialogue](#) teams that recently negotiated commitments with China, including with regard to procedural fairness in anti-monopoly law proceedings. We also play an active role in the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership negotiations.

The FTC has continued its [robust technical assistance program](#) in which it shares the agency's experience with competition and consumer protection agencies around the world, conducting 42 programs in 28 countries during 2014. Our [International Fellows Program](#) brought seven fellows to the FTC from five competition and one consumer protection agencies to better understand the FTC's approach to antitrust and consumer protection enforcement.

The FTC continues to develop international enforcement cooperation to combat cross-border consumer fraud using its statutory authority under the US SAFE WEB Act and complementary tools. For example, the FTC successfully sought the assistance of a U.S. federal district court to obtain evidence from a U.S. firm for use in a major deceptive practices enforcement action by the Canadian Competition Bureau. The FTC continued to work closely with Canadian law enforcement agencies to shut down [cross-border telemarketing fraud](#) and [business directory scams](#). The agency continues to lead the International Consumer Protection and Enforcement Network's Enforcement Steering Group, which conducted a cross-border sweep on children's apps and online games. The FTC expanded its [international complaints report](#) to include worldwide data by region, and is working to share this information with foreign law enforcement counterparts.

The FTC played a significant role in the OECD's development of "best practices" policy guidance issued in 2014 on [consumer protection for mobile and online payments](#) and on [consumer protection involving intangible digital content products](#). The agency also advanced an update of the OECD's 1999 Guidelines on Consumer Protection in Electronic Commerce.

The FTC continues to advocate for [global interoperability and strong privacy enforcement](#). The agency entered into a memorandum of understanding with the [U.K. Information Commissioner's Office](#). In collaboration with the Department of Commerce, the FTC negotiated with the European Commission to improve the U.S.-EU Safe Harbor Framework. The FTC

has also advocated for increased privacy enforcement cooperation in international organizations such as the OECD; the Asia Pacific Economic Cooperation forum, where it serves as an administrator of its 26-member Cross-border Privacy Enforcement Arrangement; the International Conference of Data Protection and Privacy Commissioners; and the Asia Pacific Privacy Authorities forum. The FTC also participated in several initiatives, including a sweep on app privacy practices, of the Global Privacy Enforcement Network, which now includes privacy authorities from over 50 countries.

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FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2014



Education

The Commission believes that enforcement coupled with education is the most effective formula to promote competition and protect consumers. As a result, the FTC seeks to alert businesses of every size about compliance standards, and to alert consumers about the typical signs of fraud and deceptive business practices. Most campaigns relate to our enforcement actions; others deal with issues like identity theft, emerging technologies, and online safety and security. Our outreach efforts combine the use of the media, the web, and thousands of interested intermediaries to disseminate important information.

[Introduction](#)

[Tax Identity Theft Awareness Week](#)

[Pass It On](#)

[Fotonovelas](#)

[Military Outreach](#)

Introduction

In 2014, the agency published 55 blog posts through its Competition Matters blog, its first blog dedicated to competition topics which has over 5,000 subscribers in the first year. Popular topics included [HSR filing tips](#), [Running time](#), offering guidance on the option to pull and refile a merger filing, and [Who decides how consumers should shop?](#), a discussion of new opportunities for both businesses and consumers made possible by smartphone technology. The Bureau of Consumer Protection published 148 blog posts for business people and attorneys, and 261 blog posts for consumers. Posts about mobile cramming, ransom malware, advertising disclosures, fake IRS collectors, and tech support scams were among the most popular. More than 40,000 people subscribe to business blog updates, and almost 84,000 subscribe to the English and Spanish consumer blogs. A sample of this year's consumer outreach campaigns are described below.

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Tax Identity Theft Awareness Week

Identity theft has been the top consumer complaint to the FTC for 15 consecutive years, and complaints about tax identity theft are a growing share of those complaints. In 2014, the FTC sponsored a [Tax Identity Theft Awareness Week](#) including, hosting a webinar, bilingual Twitter chats, and 16 Tax Identity Theft Awareness Week events across the country to raise awareness about tax identity theft and give people tips about how to respond to it. The FTC's Tax Identity Theft Awareness Week website provided material for regional events held in the 10 states with the highest reported rates of identity theft.

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Pass It On



The bilingual Pass It On campaign (“Pásalo” in Spanish), tailored to people age 65+, provides information about fraud and encourages readers to share the information with a friend. The campaign includes an engaging video, and a variety of print and online materials in English and Spanish that address common frauds like identity theft and imposter frauds. Materials build on—or refresh—readers’ knowledge by briefly summarizing how certain scams work and what they can do in response. People ordered more than 1 million pieces of campaign material in 2014.

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Fotonovelas

In 2014, the FTC published three fotonovelas for people who have limited literacy in their native Spanish. These publications support the FTC's mission of helping to prevent fraud in every community. They are designed for, and distributed to, people who may not know about or have access to the extensive print, audio, and video information the FTC has in Spanish at consumidor.ftc.gov and in easy-to-use Spanish at consumidor.gov. In 2014, we distributed more than 155,000 copies of the three publications to 5,000 consumer, aging, legal service, and community based organizations nationwide. The three topics include Impostores del gobierno (Government Impostors), Estafa de Ingresos (Income Scams), and Cobradores de Deuda (Debt Collectors).



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Military Outreach



The FTC developed and manages the Military Consumer campaign with the Department of Defense, the Consumer Financial Protection Bureau, and Military Saves. The campaign aims to empower servicemembers, veterans, and their families with resources to avoid scams, protect their personal information, and make wise buys. Military Consumer Protection Day 2014 recruited 49 partner agencies/organizations to participate in press and social media outreach and a few events at installations. The campaign website—Military.ncpw.gov—has issued more than 80 blog posts since January 2014. The FTC is a member of Department of Defense’s Financial Readiness Roundtable.

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COMPETITION

ANTITRUST ENFORCEMENT

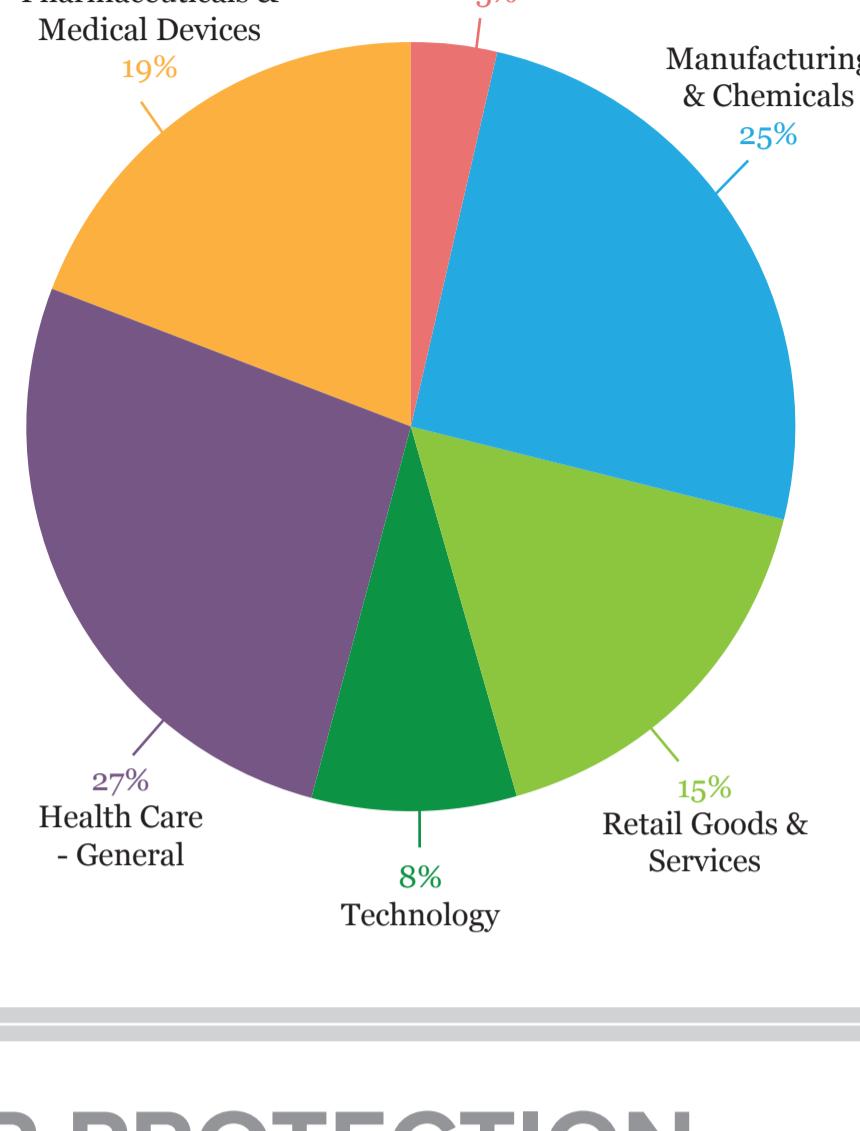
Merger Consent Orders	14
Filed Merger Cases	2‡
Abandoned Transactions	3
Non-Merger Actions	8
Civil Penalty Actions	1

POLICY INITIATIVES

Workshops	4
Reports	4
Advocacy & Amicus Briefs	16

* Updated May 2015.

Enforcement Actions by Sector
Fiscal Years 2010-2014



CONSUMER PROTECTION

ACTIONS FILED

Administrative	54
Federal	61
Civil Penalty	15

ORDERS OBTAINED

Administrative	55
Redress, Disgorgement, & Permanent Injunction	115
Civil Penalty	17
Civil Contempt	5

POLICY INITIATIVES

Workshops & Conferences	12
Rulemakings Completed	6
Reports	6

TOTAL AMOUNT OF REDRESS & DISGORGEMENT ORDERED:

\$642.4 million

TOTAL AMOUNT OF CIVIL PENALTIES ORDERED:

\$14 million

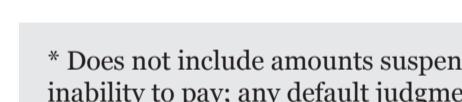
Top 5 Redress Judgments*

Bullroarer \$105.6 MIL



Top 5 Civil Penalty Cases*

First Data Corporation \$3.5 MIL



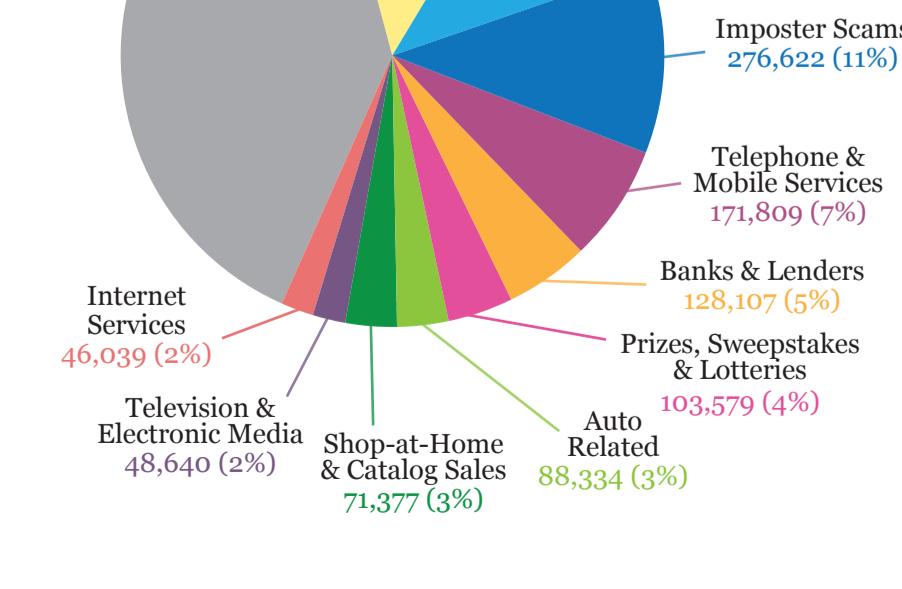
* Does not include amounts suspended by the court based on inability to pay; any default judgments are included.

** Minimum redress amount. Full redress required.

743,111 consumers received redress totaling over **\$65.2 MILLION**

COMPLAINTS

2,582,851 total complaints
(does not include Do Not Call Registry complaints)



OUTREACH

73,814 new email subscribers

184,240 total subscribers

16,610 new likes on Facebook

75,619 total likes

8,486 new Twitter followers

27,512 total followers

1,508 new YouTube subscribers

4,923 total subscribers

Most Popular Tweet:

#BREAKING: FTC sues @ATT for deceptive & unfair data throttling (promising unlimited data & then slowing speeds).

Most Popular YouTube Video:



Stand Up To Cyberbullying

