



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2017

2017 HIGHLIGHTS



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A Message from Acting Chairman Maureen K. Ohlhausen



Welcome to the Federal Trade Commission's (FTC) 2017 Annual Highlights outlining our most significant achievements promoting competition and protecting consumers. Throughout 2017, the FTC vigorously enforced competition and consumer protection laws, extended the agency's efforts to protect consumer privacy, promoted economic liberty, boosted efforts to provide guidance to small businesses, and reduced excessive regulations and bureaucracy that create significant burdens on the public.

The FTC plays an indispensable role in ensuring that the American economy remains competitive and continues to foster innovation and growth, to the benefit of all consumers, based on sound free-market principles. In 2017, the FTC successfully challenged harmful mergers and stopped anticompetitive business conduct. As part of its active merger enforcement, the FTC blocked two mergers and challenged two others, while accepting negotiated settlements to prevent harm in another 16 transactions. The federal courts continued to validate the FTC's competition work in two important health care mergers involving physician services ([Sanford/Mid-Dakota Clinic](#)) and hospitals ([Advocate/NorthShore](#)).

The FTC has also pursued a robust consumer protection agenda. For example, the agency, along with 11 states and the District of Columbia, launched a coordinated federal-state law enforcement initiative, dubbed "[Operation Game of Loans](#)," to target deceptive student loan debt relief scams. In a landmark victory for the FTC, a federal court ordered [Dish Network](#) to pay \$280 million in civil penalties and to stop alleged violations of the FTC's Telemarketing Sales Rule and other federal and state laws. Overall, this past year the FTC filed or settled 85 consumer protection matters in district court, reached 24 administrative consent agreements related to consumer protection, and distributed over \$269 million in redress to over 3 million consumers. The FTC also extended its vigorous enforcement and educational efforts to protect consumer privacy and data security, announcing 9 privacy cases and 3 data security cases and issuing additional business guidance.

Our policy efforts continued to be strong in 2017, with numerous advocacy comments, amicus briefs, Congressional testimony, workshops, and community events. We also launched my signature [Economic Liberty Taskforce](#) to work with numerous stakeholders to identify and eliminate unnecessary or overbroad occupational licensing restrictions that threaten economic liberty, many of which are particularly harmful to military families who relocate frequently, and low-income Americans.

Finally, my fellow Commissioner Terrell McSweeney and I want to thank the FTC's dedicated staff for their unwavering commitment to protect consumers and promote competition. Their dedication to the FTC's dual missions is unparalleled.

Maureen K. Ohlhausen



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Annual Highlights 2017

Introduction

The Federal Trade Commission is a bipartisan law enforcement agency with a unique and important mission: protect consumers and promote competition without indirectly burdening legitimate business. In 2017, the FTC continued to promote competitive markets by challenging harmful mergers and seeking to stop anticompetitive business conduct. As part of its active merger enforcement agenda, the Commission blocked two mergers and challenged two others and accepted negotiated settlements to prevent harm in another 16 transactions. The Commission also brought cases involving a variety of anticompetitive conduct, including its first federal court monopolization case alleging an abuse of government processes. In another case, a pharmaceutical company agreed to pay \$100 million to settle FTC charges that it illegally acquired the rights to develop a drug that threatened its U.S. monopoly.

On the consumer protection front, the FTC had many successes on behalf of consumers. For instance, the Commission obtained an historic civil penalty in the Dish Network case and led partners in a nationwide initiative against tech support schemes. The FTC also coordinated the first federal/state crackdown on student loan debt relief scams. In addition, the Commission negotiated a settlement with Western Union to return \$586 million to consumers who lost money to scammers who had them pay with the money transfer system. The agency also brought its first case against individual online influencers for failing to disclose they owned the company they were promoting. This year, a federal court finalized the FTC's second settlement with Volkswagen related to the company's "clean diesel" claims. Consumers who bought 3.0-liter diesel vehicles will receive up to \$1.2 billion in compensation for Volkswagen's allegedly misleading claims. Below are some highlights of the FTC's enforcement efforts over the last year. As these highlights show, the FTC remains vigilant to protect competition and consumers by staying abreast of technology, learning about the variety of consumer experiences, and looking into marketplace practices as they evolve.



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PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2017

Enforcement

The Federal Trade Commission (FTC) functions primarily as a law enforcement agency. We undertake both court and administrative actions to enhance competition and protect consumers.

[Health Care](#)

[Technology](#)

[Consumer Products and Services, and Manufactured Goods](#)

[Stopping Activities Related to Fraud](#)

[Energy](#)

[Getting Money Back for Consumers](#)

[International Law Enforcement](#)

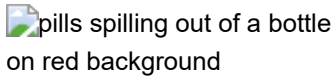
Health Care

The Commission promotes competition among health care providers to encourage cost containment, higher quality care, increased access, and the development of innovative new treatments. Using enforcement as its primary tool, the Commission works to stop anticompetitive mergers and conduct that might diminish competition in health care markets. One key enforcement effort is preventing mergers that would allow providers to raise rates or decrease quality for vital health care services. For instance, working with the North Dakota Attorney General, the FTC successfully litigated a federal court action to [preliminarily enjoin Sanford Health's proposed acquisition of rival physician services provider Mid Dakota Clinic](#). After a four-day evidentiary hearing, the court found that the combination was likely to increase Sanford's ability to demand higher reimbursement rates from commercial health plans for its affiliated doctors in violation of the antitrust laws. The parties have appealed and the case is pending before the Eighth Circuit. In another matter, the Commission required the divestiture of seven outpatient dialysis clinics to resolve charges that [DaVita, Inc.'s acquisition of Renal Ventures Management](#) was likely to harm competition for outpatient dialysis services in seven local markets in New Jersey and Texas.



The Commission also continues to review carefully mergers between medical device manufacturers. In December, the FTC issued an administrative complaint challenging [Otto Bock's consummated acquisition of Freedom Innovations](#), alleging that the merger substantially reduced competition in the market for prosthetic knees equipped with microprocessors and strengthened Otto Bock's already dominant position in the market. Earlier in the year, the Commission announced settlements in three other mergers involving medical device products, requiring divestitures to preserve competition for [point-of-care medical testing devices](#), [neurosurgical medical devices](#), [tunneled home drainage catheter systems](#), and [soft tissue core needle biopsy devices](#). The Commission also preserved competition for two types of generic pharmaceutical products to resolve charges that [Baxter International Inc.'s proposed acquisition of Claris LifeSciences Limited's injectable drug business](#) would be anticompetitive. After major chain retail pharmacies Walgreens and Rite Aid abandoned their

transaction in which Walgreens would acquire all of Rite Aid due to competition concerns, the Commission closed its investigation of a revised transaction in which Walgreens would acquire some Rite Aid stores, while Rite Aid would retain the majority of its network.



The Commission also maintains a robust program to stop anticompetitive conduct in health care markets. In February, the Commission filed a federal court action against Shire ViroPharma Inc., alleging that the company abused the Food and Drug Administration (FDA) regulatory process to delay generic competition to its drug Vancocin. In another case, the Commission filed a stipulated injunction in federal court in which Mallinckrodt ARD Inc., formerly Questcor Pharmaceuticals, Inc., agreed to pay \$100 million to settle charges that Questcor illegally acquired the rights to develop a drug that threatened its monopoly in the U.S. market for adrenocorticotrophic hormone (ACTH) drugs. ACTH is used as a treatment for infantile spasms, a rare seizure disorder afflicting infants, and other serious medical conditions. The FTC alleged that Questcor's acquisition preserved its ACTH drug monopoly and enabled it to maintain supracompetitive prices.

In January, a Puerto Rico ophthalmologist cooperative agreed to settle FTC charges that it unlawfully orchestrated an agreement among competing ophthalmologists to refuse to deal with a health plan and its network administrator. Also in January, Endo Pharmaceuticals Inc. agreed to abandon anticompetitive pay-for-delay agreements to settle FTC charges that it violated the antitrust laws by using these agreements to block consumers' access to lower-cost generic versions of its top-selling branded drugs, Opana ER and Lidoderm. In a related matter, the FTC refiled charges against Watson Laboratories, Inc. and its former parent, Allergan plc, for illegally blocking a lower-cost generic version of Lidoderm when it entered into a pay-for-delay agreement with Endo. The FTC also issued an administrative complaint against Impax Laboratories, Inc. for engaging in similar conduct with regard to Opana ER. Both cases are pending.



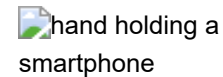
In consumer protection, the Commission has taken action against a company that sought to take advantage of the national opioid epidemic. The company marketed its products, Withdrawal Ease and Recovery Ease, by making unproven claims about lessening the effects of opiate withdrawal and overcoming opiate dependency without competent and reliable science to back up those claims. The FTC also continued to focus on the deceptive marketing of health-related products, including those aimed at older consumers. For example, the FTC, along with the state of Maine, settled charges that Health Research Labs' claims that its BioTherapex and NeuroPlus products could treat everything from arthritis to Alzheimer's disease and dementia were false or

unsubstantiated.

Technology

Competition in technology sectors can be especially important in driving innovation and growth in the economy, introducing more efficient products and processes into the marketplace, increasing quality, and decreasing prices. In 2017, the Commission took action to preserve competition in the worldwide market for fibre channel switches, which are part of storage area networks that transfer data between servers and storage arrays in data centers. To resolve concerns that semiconductor manufacturer Broadcom Limited's acquisition of Brocade Communications Systems, Inc. would reduce competition or slow innovation for fibre channel switches, the Commission's order prevents Broadcom's business unit from sharing the confidential information of its customer, Cisco Systems, Inc., with Brocade, Cisco's rival. In the consumer protection area, the Commission continued to combat unwanted telemarketing calls, protect consumers' privacy and data security, ensure truthful marketing on social media platforms, and fight tech support imposter scams.

The case against satellite TV provider [Dish Network](#) for violating the Telemarketing Sales Rule resulted in a groundbreaking civil penalty. After eight years of litigation by the FTC, Department of Justice (DOJ), and the Attorneys General of California, Illinois, North Carolina, and Ohio, [the Court imposed a record-setting \\$280 million civil penalty against Dish](#). Dish made more than 66 million calls that broke the law, including abandoned calls and calls to people on the Do Not Call (DNC) Registry or who had told Dish they didn't want to get calls.



The Commission also continued its aggressive law enforcement against illegal robocalls. At the request of the FTC, the court imposed a \$2.7 million penalty against [Aaron Michael Jones and his companies](#) and banned them from all telemarketing activities. Jones' operation blasted consumers with billions of illegal robocalls, more than 100 million per year. In another case, the ringleader of an illegal robocall operation settled the FTC's charges. The Commission estimated that in just one week in July 2012, [Justin Ramsey](#) and his company made more than 1.3 million illegal robocalls to consumers nationwide, 80 percent of which were to numbers listed on the DNC Registry.



In 2017, the FTC continued to prioritize privacy and data security, announcing nine privacy and three data security cases. For instance, the Commission and 32 State Attorneys General reached a settlement with the computer manufacturer [Lenovo](#) after challenging the company's privacy practices. In addition, the FTC and the New Jersey Attorney General reached a [\\$2.2 million settlement with VIZIO, Inc.](#), one of the world's largest manufacturers and sellers of internet-connected "smart" televisions, over charges that the software on its TVs collected viewing data on 11 million consumer TVs without consumers' knowledge or consent.

This year, the Commission also brought its first cases to enforce the new European Union-United States (EU-U.S.) Privacy Shield framework, charging that [MDZ, Tru Communication, Inc., Decusoft](#) claimed to complete the certification process for the EU-U.S. Privacy Shield, but, in fact, had not done so. The Privacy Shield provides companies on both sides of the Atlantic with a mechanism for complying with EU data protection requirements when transferring consumer data from the EU to the US. These cases join the four enforcement actions the FTC has brought related to the [Asia-Pacific Economic Cooperation \(APEC\) Cross-Border Privacy Rules \(CBPR\)](#) system.

In another case, [TaxSlayer](#), an online tax preparation service, settled the FTC's allegations it violated the Gramm-Leach-Bliley Act's Safeguards and Privacy Rules when malicious hackers were able to gain full access to nearly 9,000 TaxSlayer accounts and use that information to get taxpayers' refunds by filing fraudulent tax returns.



This year the Commission took action to alert online influencers to their responsibilities when making endorsements. In its first ever case against social media influencers, the Commission charged the owners of the [CSGO Lotto](#) site with deceptively endorsing the online gambling service CSGO Lotto, while failing to disclose they jointly owned the company. According to the FTC, the defendants, who are widely followed in the gaming community, paid other well-known influencers thousands of dollars to promote the site on YouTube, Twitch, Twitter, and Facebook, without requiring them to disclose the payments in their social media posts. The Commission order settling the charges requires the defendants to disclose clearly and conspicuously any connection that consumers might find material and that they would not reasonably expect and monitor their endorsers to ensure that they do the same.

The Commission also sent [more than 90 educational letters](#) to influencers and brands to remind them of the [FTC's Endorsement Guides](#) and persuade them to comply with the Guide's established truth-in-advertising principles. The Guides provide that if there is a "material connection" between an endorser and an advertiser – in other words, a connection that might affect the weight or credibility that consumers give the endorsement – that connection should be clearly and conspicuously disclosed, unless it is already clear from the context of the communication. Finally, the Commission updated

The FTC's Endorsement Guides: What People are Asking, a staff publication that answers questions about the use of endorsements, on topics like tags in pictures, disclosures in Snapchat and Instagram, the use of hashtags, and disclosure tools built into some platforms.

Imposter scams were the top complaint that consumers reported to the FTC this year and the Commission continues to crack down aggressively on these frauds. With its federal, state, and international partners, the Commission spearheaded Operation Tech Trap, a nationwide initiative to stop tech support scams that trick consumers into believing their computers are infected with viruses and malware and then charge them hundreds of dollars for unnecessary repairs. Tech Trap involved 16 new actions, including complaints, settlements, indictments, and guilty pleas against deceptive tech support operations.

Consumer Products and Services, and Manufactured Goods



The Commission works to prevent anticompetitive conduct that could lead to higher prices or fewer choices for purchases consumers make every day. For instance, the administrative law judge upheld the FTC's complaint against 1-800 Contacts, ruling that the nation's largest retailer of contact lenses unlawfully orchestrated a web of anticompetitive agreements with rivals that suppressed competition in online search advertising auctions, restricting advertising to consumers and resulting in some consumers paying higher retail prices for contact lenses. The parties have appealed the ALJ's decision to the Commission. The FTC also took action against a state licensing board controlled by real estate appraisers, charging that the board is unreasonably restraining price competition for appraisal services in Louisiana in violation of federal antitrust law. Additionally, the Commission required divestitures to preserve competition between the two largest providers of third-party paid referral services for senior living facilities.

To preserve competition among daily fantasy sports providers, the Commission filed suit to block the merger of DraftKings, Inc. and FanDuel Limited because it would substantially reduce competition and lead to higher prices and lower quality for paid daily fantasy sports contests. The parties abandoned their merger plans one month after the Commission authorized legal action. The Commission also required divestitures in connection with Mars, Incorporated's acquisition of VCA Inc. to preserve competition for specialty and emergency veterinary services in 10 different localities in the United States.

The Commission also is concerned about anticompetitive conduct that likely would lead to higher prices or fewer choices for consumers who rely on professional services, and it challenges the rules and practices of trade associations that unreasonably limit competition among their members without a legitimate business reason. For instance, the Commission charged that the code of ethics of the American Guild of Organists unlawfully restricted its members from competing for opportunities to perform and thereby deprived consumers of the benefits of competition among the 15,000 organists and choral directors who are members.

The Commission also works to maintain competitive markets for manufactured goods. This year, the Commission took action to preserve competition for industrial wood coatings, pesticides, and switchboxes used to control the flow of liquids or gases through pipes in industrial applications. The Commission also required the divestiture of two production facilities in the merger of fertilizer and chemical companies Agrium Inc. and Potash Corporation of Saskatchewan. Finally, in December, the FTC took action to block the proposed merger of Tronox Limited and Cristal, alleging that the transaction was likely to harm competition in the North American market for chloride process titanium dioxide, a pigment used in paints, plastics, paper, and other products.

On the consumer protection front, the Commission brought its first-ever case against a company making "organic" product claims. The FTC alleged that Moonlight Slumber misrepresented that its mattresses were "organic," when, in fact, the substantial majority of the mattresses was non-organic. The FTC also alleged that the company claimed one of its

mattresses contained a “Natural Latex Core,” which, in truth, was synthetic. The defendants also falsely claimed that testing proved there were no volatile organic compounds (VOCs) from its products, even though they didn’t have such evidence. In another case, the FTC settled deceptive advertising charges against Cowboy AG, LLC for violating federal law when it misrepresented the cost of buying or leasing cars, qualifications or restrictions for financing or leasing cars, and the availability of cars. The FTC also alleged that the dealership did not disclose required credit or lease terms and that favorable terms were prominently stated in Spanish in their ads, but the material limitations to those terms were only in fine print in English at the bottom of the ad.



Stopping Activities Related to Fraud



Student loan debt affects more than 42 million Americans and, with outstanding balances of more than \$1.4 trillion, student loans are the second largest segment of U.S. debt, after mortgages. The FTC, 11 states, and the District of Columbia brought Game of Loans, the first coordinated federal/state law enforcement initiative targeting deceptive student loan debt relief scams. This nationwide crackdown encompassed 36 actions by the FTC and state attorneys general against scammers alleged to have used deception and false promises of relief to take more than \$95 million in illegal upfront fees from American consumers over a number of years.

The Commission pursued law enforcement in a variety of fraud cases, including phony federal grants, deceptive come-ons for invention promotion services and business coaching, and collection of phony phantom debts. Following a trial, a federal court has found the operators of the IWorks scheme liable for more than \$280 million. IWorks’ online marketing campaigns falsely claimed that federal grants for personal needs were generally available to consumers and that people who used its moneymaking product were likely to earn substantial income. The company unlawfully enrolled people in membership programs without disclosing, or without disclosing clearly, that it would charge their accounts on a recurring basis until they canceled. The court’s final order bans the last remaining defendants from selling grant and moneymaking products, and imposes a \$280,000 judgment against them. Previously, other defendants in this matter – nine individuals and dozens of corporations – settled with the FTC.

The FTC charged World Patent Marketing, operators of an invention-promotion scam, with deceiving consumers and suppressing complaints by threatening criminal prosecution against dissatisfied customers. People paid thousands of dollars to patent and market their inventions based on bogus “success stories” and testimonials promoted by the defendants. But after they strung people along for months or even years, they did not deliver what they promised. Instead, many customers ended up in debt or lost their life savings with nothing to show for it. At the FTC’s request, a federal court temporarily halted the scheme and froze its assets pending litigation.



In the Thrive Learning case, the Commission alleged that a deceptive telemarketing operation, took millions of dollars from thousands of consumers who were trying to start home-based Internet businesses. According to the FTC, the defendants falsely promised that their clients were likely to earn substantial income, that their training programs were personalized and open only to qualified participants, and that they needed consumers’ financial information to determine if they qualified. After consumers bought the business coaching services, typically for thousands of dollars, they were targeted with more sales calls to buy more purported business services. Many people were left with no functioning business, little or no earnings, and heavily in debt. The defendants are now banned from selling business coaching services and work-at-home opportunities.

The Alliance Law Group settled the FTC’s charges that the defendants coerced people into paying bogus phantom debts by posing as lawyers, threatening people with prison time, or claiming police would come to their house to arrest them. The

settlement bans the defendants from the debt collection business. Litigation continues against one remaining defendant.

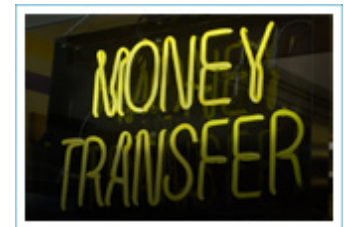
Energy



Promoting competitive energy markets is another Commission priority. This year, the Commission required divestitures to resolve charges that the proposed merger of energy infrastructure companies Enbridge, Inc. and Spectra Energy Corporation likely would reduce natural gas pipeline competition in three offshore natural gas producing areas in the Gulf of Mexico, leading to higher prices for natural gas pipeline transportation from those areas. The Commission also challenged three mergers involving retail fuel stations and convenience stores, requiring divestitures of 84 locations in 11 states in connection with Alimentation Couche-Tard Inc.'s acquisitions of rivals CST Brands, Inc., Jet-Pep, Inc., and Holiday Companies.

Getting Money Back For Consumers

Whenever possible, the Commission works to get ill-gotten gains back to bilked consumers. In 2017, the FTC directly refunded nearly \$320 million to people, and supported refund programs administered by FTC defendants that delivered more than \$6 billion in refunds to consumers. In a global settlement with the FTC and the DOJ, Western Union agreed to return \$586 million to consumers to settle charges that the company didn't adequately protect them from fraud, and didn't properly discipline problem agents. According to the FTC, Western Union was long aware of the problem, having received more than 550,000 complaints about money transfers made for fraudulent lottery and prizes, family emergency calls, advance-fee loans, online dating, and more. The company's internal reports flagged fraud by some of its own agents and warnings from law enforcement. Even when faced with clear evidence that many of its agents were committing fraud, Western Union kept taking billions in fraud-related transfers. The DOJ is handling the redress program to return the money to the consumers affected by the fraud. Western Union also must create a strong anti-fraud program.



In addition, this year, a federal court finalized the FTC's settlement with Volkswagen by ensuring that all consumers who purchased a TDI diesel engine vehicle will be fully compensated for their losses. The FTC charged that the company falsely claimed its 3.0-liter diesel cars had low levels of harmful emissions. Consumers who bought 3.0-liter vehicles will receive up to \$1.2 billion in compensation for Volkswagen's allegedly misleading "clean diesel" claims. This settlement affects more than 77,000 cars made by VW, Audi, or Porsche, which were not covered by an earlier settlement for similar false advertising for VW and Audi 2.0-liter diesel cars that resulted in a more than \$10 billion redress fund for those car owners. In all, consumers who bought affected "clean diesel" vehicles will receive up to \$11.5 billion, and the court may hold Volkswagen in contempt if it makes deceptive environmental claims in the future. The Commission will monitor VW's compliance with the settlement's provisions, which include special protections for those serving in the armed forces and those consumers in rural areas who may be far from the nearest dealer.

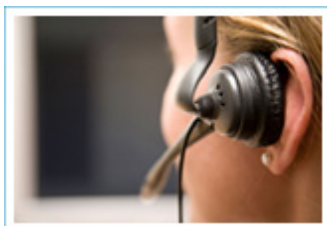
International Law Enforcement

The FTC cooperates on investigations and enforcement actions with competition, consumer protection, and privacy agencies in other countries to halt deceptive and anticompetitive business practices that affect U.S. consumers.

With regard to the competition mission, the FTC cooperated with international counterparts on 38 merger and anticompetitive conduct cases of mutual concern with 21 jurisdictions. The vast majority of these cases involved cooperation with two or more foreign agencies. For example, in [Abbott/St. Jude](#), we cooperated with antitrust agencies in Brazil, Canada, China, the European Union, Israel, Korea, and South Africa to ensure consistent analyses, outcomes, and divestiture remedies.



We also share enforcement techniques and experience to ensure close collaboration on cross-border cases. For example, we recently engaged with the European Commission (EC) on issues of common interest and with staff from the Canadian Competition Bureau (CCB) and Mexico's COFECE on merger-related enforcement techniques.



In the consumer protection area, the FTC cooperated on enforcement-related mutual assistance with foreign agencies or multilateral organizations in 51 matters, including by using its powers under the U.S. SAFE WEB Act. One highlight was the collaboration between the FTC and its foreign counterparts as part of [Operation Tech Trap](#), a crackdown on tech support scams that tricked consumers into paying millions of dollars to rid their computers of non-existent viruses. The coordinated effort included actions against foreign-based defendants, two criminal enforcement actions by Indian law enforcement authorities, and consumer education initiatives by the Australian Competition & Consumer Commission and the CCB. Alongside this effort, the agency [conducted training and roundtables in the United States and India](#) to help build the capacity of Indian law enforcement to investigate, arrest, and prosecute the promoters of impostor scams stemming from [Indian call centers](#) and to coordinate with other foreign enforcers and stakeholders.

The FTC entered into a [memorandum of understanding \(MOU\)](#) to facilitate information sharing and enforcement cooperation with the Royal Canadian Mounted Police on cross-border fraud. The MOU recognizes the long-standing partnership between the two agencies, which have worked together on joint cases, shared consumer complaints, and provided assistance with foreign asset recovery. The FTC continued to cooperate with other longstanding Canadian law enforcement partners on cross-border telemarketing and other scams that target American consumers.

In addition, the FTC, together with consumer protection agencies of 60 other countries that are part of the International Consumer Protection and Enforcement Network (ICPEN), unveiled an updated version of [ICPEN.org](#) to help members identify and respond to consumer challenges that cross international borders. The updated website provides new tools for members to share intelligence securely on emerging fraudulent, deceptive, and unfair commercial practices. The FTC also expanded [econsumer.gov](#), an ICPEN project that allows law enforcement authorities to share complaints and intelligence, increasing members' access to more cross-border consumer complaints and expanded training.

Finally, through its International Fellows Program, the FTC brought 15 foreign officials from competition, consumer protection, and privacy agencies in Canada, El Salvador, Honduras, India, Israel, Pakistan, South Africa, South Korea, the Ukraine, and the United Kingdom, as well as from the EC and the European Data Protection Supervisor, to work alongside FTC staff.





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Annual Highlights 2017

Policy

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

[Economic Liberty](#)

[Advocacy Comments](#)

[Amicus Briefs](#)

[Congressional Testimony](#)

[Workshops and Public Forums](#)

[Reports](#)

[Regulatory and Process Reform Initiatives](#)

[Enforcement Policy Statements](#)

[International Engagement in Policy](#)

Economic Liberty

The [Economic Liberty Task Force](#), convened by Acting Chairman Ohlhausen, expanded the FTC's cooperation with state and federal leaders to identify and eliminate unnecessary or overbroad occupational licensing restrictions that threaten economic liberty and harm competition, which may lead to higher prices, lower quality, and reduced consumer access to services. Many state-based restrictions are particularly harmful to military spouses in licensed occupations, because their families relocate frequently across state lines. In 2017, the Task Force held two roundtables: one on [initiatives to enhance occupational license portability](#); and another on [empirical evidence on the effects of licensing](#). Acting Chairman Ohlhausen [also testified before a House Judiciary subcommittee](#) and hosted [Voices for Liberty](#), a fireside chat featuring individuals who have been affected by undue occupational licensing restrictions.



Advocacy Comments

The Commission continued to provide guidance and recommendations to government bodies and lawmakers on how to incorporate competition principles into proposed laws, regulations, or policies. The majority of this year's competition advocacy comments concerned occupational licensing issues, with many focused on scope of practice and supervision regulations for health care professionals. Staff filed comments regarding general occupational licensing requirements ([Nebraska](#)), competition for real estate appraisal services ([North Carolina](#)), dental hygienists and dental therapists ([Ohio](#)), and animal massage ([Tennessee](#)). Staff also expressed support for the Department of Veterans Affairs' proposed rule to

clarify that VA health care practitioners may provide telehealth services to beneficiaries notwithstanding any contrary state licensing laws, rules, or requirements ([Department of Veterans Affairs](#)).



The FTC also continued to oppose efforts by state legislators and regulators to secure antitrust immunity for anticompetitive health care collaborations. Following advocacy in 2016, staff submitted two additional comments in Tennessee regarding the applications of Mountain States Health Alliance and Wellmont Health System for Certificates of Public Advantage (COPAs) that purportedly would allow them to merge by providing immunity from federal antitrust law ([Tennessee](#)- January and [Tennessee](#) - July). Staff also supported the reform of certificate-of-need laws that limit competition in the health care sector ([Alaska](#) and [Georgia](#)).

Finally, staff addressed the Federal Communications Commission regulation of broadband Internet access services ([FCC](#)) and the Federal Energy Regulatory Commission reform of electricity generator interconnection procedures and agreements ([FERC](#)).

Amicus Briefs

In 2017, the Commission filed an [amicus brief](#) in *Chamber of Commerce v. City of Seattle* (Ninth Circuit). The City of Seattle enacted an ordinance that permits independent for-hire vehicle drivers to collude in negotiating their contracts with taxicab companies and companies like Uber and Lyft. Although such conduct ordinarily would be a per se violation of the Sherman Act, the district court dismissed a private-party antitrust challenge to the ordinance on the ground that it is immunized by the state action doctrine. The court held that the City had acted pursuant to a “clearly articulated and affirmatively expressed” policy by the State of Washington to displace competition in the transportation service market. Our amicus brief argued that the State had not clearly articulated its intent to displace competition in the market for hiring drivers.



Congressional Testimony

The Commission and its staff are often asked to share expertise on antitrust and consumer protection issues. In 2017, the FTC testified about the competition aspects of [net neutrality](#), [occupational licensure](#), and [the FDA approval process](#). The Commission also testified about consumer protection issues related to [robocalls](#), [scams](#), [financial fraud against seniors](#), and [cybersecurity for small business](#).

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 informative and often groundbreaking discussions of the challenges posed by current issues.

The FTC continued its initiative to advance competition in health care, using its full range of policy and advocacy tools. The Commission held a workshop examining [competition in prescription drug markets](#), particularly entry and supply chain dynamics that may prevent competition from keeping prices in check. The agency [convened a workshop](#) addressing competition, innovation, and consumer protection issues in hearing health care. The FTC also announced a [new project to study the impact of COPAs](#) on prices, quality, access, and innovation for health care services.

This year, the Commission also held workshops about how technology impacts cars, students, and financial services and payment systems. For instance, modern motor vehicles increasingly include with technologies that enable them to access information via the Internet and gather, store, and transmit data for entertainment, performance, and safety purposes. The FTC and National Highway Traffic Safety Administration (NHTSA) hosted [Connected Cars](#), a workshop that explored consumer privacy and security issues that automated and connected vehicles pose.



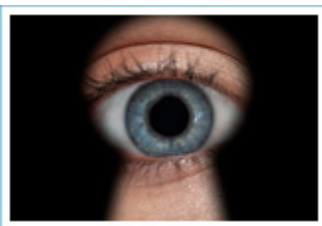
More than half of K-12 students have access to a school-issued personal computing device, and in many school districts, online curriculum is becoming the norm. While these technologies have tremendous potential, the expanded use of technology has raised questions about children’s privacy. The FTC and the Department of Education (ED) hosted [Student Privacy and Ed Tech](#), a workshop to help clarify how the agencies can ensure that student privacy is properly protected without interfering with the promised benefits of technology.



Finally, the Commission hosted its third FinTech Forum, [Artificial Intelligence and Blockchain](#), bringing together representatives from industry, consumer groups, government, and academia. The event focused on the potential benefits and consumer protection implications of artificial intelligence, which can be used to provide personalized financial services and money management tools for consumers. Blockchain technology first emerged as the foundation for digital currency, and it is now being explored for other consumer-focused uses, including payment systems and “smart contracts.”

Reports

Commission and staff reports continue to shed light on a range of important topics. In February 2017, the Commission issued a landmark [report on its multi-year merger remedies study](#), which looked back at Commission merger orders issued between 2006 and 2012. FTC staff found that the agency’s process for designing and implementing merger remedies is generally effective and that more than 80 percent of remedies ordered by the Commission maintained or restored competition that would have been lost due to the merger. The study also identified certain areas in which improvements can be made, particularly for divestitures of limited asset packages in horizontal, non-consummated mergers.



In consumer protection this year, the Commission produced its annual [Privacy and Data Security Update](#), describing some of its work as the nation’s primary privacy and data security enforcer. Among other things, the report touches on the agency’s first case against the maker of connected toys for violating federal law when it collected personal information from children without telling their parents or getting their consent, and for failing to take reasonable steps to secure the data. The report also discusses the Commission case against revenge porn site, MyEx.com, for violating federal and state law by posting intimate images of people, together with their personal information, without their consent. The report also announced the Commission’s third annual

[PrivacyCon](#) event in 2018.

In addition, the Bureau of Consumer Protection reviewed closed data security investigations for lessons learned to improve guidance and transparency and shared these lessons in the [Stick with Security blog series](#) for businesses. It also released [Blurred Lines](#), a [report](#) that summarized agency-commissioned research from 2014-2015 that explored consumer recognition of paid search advertising and “native advertising” that resemble news, feature articles, product reviews, entertainment, or other non-advertising online content. The study provides insights into how consumers perceive search results and native ads and how modifications to disclosures’ language, position, text size, color, and other visual cues may enhance consumers’ recognition of these ads. The results of the study suggest that using some commonsense disclosure techniques like those discussed in [existing FTC staff guidance](#) can greatly increase the likelihood that search engine results and native ads are recognizable as ads to consumers.

Regulatory and Process Reform Initiatives

The FTC worked to reduce excessive regulations and bureaucracy that create significant burdens on the public. The FTC streamlined the requirements under the Fur, Textile and Wool Labeling Rules, implementing web-based electronic filings of requests to obtain, update, or cancel registered identification numbers (RN) used on product labels. Use of the web-based RN system will streamline the application process for participating businesses and greatly increase the agency's efficiency in delivering RN services to the public. The Commission also streamlined filing requirements under the Textile Fiber Products Identification Act.

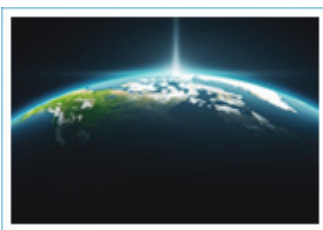


This year, Acting Chairman Ohlhausen stressed the importance of reducing waste and inefficiency while streamlining processes. Several reforms are underway, including: reviewing enforcement dockets to close older investigations; identifying unnecessary regulations that are no longer in the public interest; and working to integrate economic expertise even earlier in investigations. As part of this Reform and Efficiency initiative, new groups within the Bureau of Consumer Protection have streamlined Civil Investigative Demands (CIDs) in investigations to eliminate unnecessary costs to those who receive them. The reforms include providing plain language descriptions of the CID process, developing business education materials to help small businesses understand how to comply, and adding more detailed descriptions of the scope and purpose of investigations to give companies a better understanding of the information the agency seeks. In addition, where appropriate, staff will limit the relevant time periods covered by CIDs, increase the length of time to respond, and reduce the complexity of instructions for providing data electronically.

Enforcement Policy Statements

In January 2017, the FTC and the DOJ jointly issued updated Antitrust Guidelines for the Licensing of Intellectual Property, that explain how the federal antitrust agencies evaluate licensing and related activities involving patents, copyrights, trade secrets, and know-how. These revisions update the agencies' 1995 IP Licensing Guidelines and reaffirm key principles that offer a sensible and balanced approach to the agencies' analysis of the licensing of intellectual property rights.

International Policy 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 worked with competition authorities around the world, both bilaterally and in multilateral bodies, to promote convergence toward sound competition policy and procedures, emphasizing consumer welfare-based enforcement, and good policies and practices regarding the application of antitrust rules to intellectual property, the territorial scope of remedies, and procedural fairness. We held senior-level meetings with key counterparts, including Brazil, Canada, China, the European Union (EU), Japan, Korea, and Mexico. We also enhanced the important roles that the FTC plays to promote convergence toward sound policies in the International Competition Network (ICN) and the competition groups of the Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development, (UNCTAD), and Asia-Pacific Economic Cooperation (APEC).

In the ICN, for example, the FTC serves on the Steering Group and co-chairs the Merger Working Group through which we lead a multi-year initiative to update and expand the ICN's Recommended Practices for Merger Notification and Review Procedures and Merger Analysis. We also continue to develop additional practical guidance on investigative techniques and procedural fairness in antitrust investigations. In the OECD, the FTC played a key role in developing the Competition

Committee's long-term projects on competition in the digital economy and market studies. The FTC also conducted and oversaw an APEC-sponsored series of workshops on procedural fairness.

Our technical assistance work plays a key role in our convergence initiatives. We expanded our program to help young agencies apply their laws to support competitive markets and compatible analysis and outcomes in cross-border matters. Over the course of the year, we conducted 38 technical assistance missions, including placing resident advisors in the competition agencies of India, the Philippines, and the Ukraine. We also worked with colleagues in other parts of the U.S. government, as appropriate, for example in dealing with issues that have arisen in the enforcement of some foreign antitrust laws and as part of the U.S. delegation negotiating the competition chapter of the North American Free Trade Agreement. In addition, the FTC and DOJ revised the agencies' International Antitrust Guidelines, which provide guidance to businesses and practitioners on the agencies' international enforcement policy and related investigative tools and cooperation with foreign agencies.

In the consumer protection area, the FTC's international policy efforts concentrated on developing and promoting market-oriented policies and practices with foreign counterparts and international organizations and networks. In particular, the agency advocated for global interoperability and strong enforcement of data privacy laws in the OECD, APEC, and the International Conference of Privacy and Data Protection Commissioners. It collaborated with the Department of Commerce on three key cross-border data transfer mechanisms for the commercial sector: the EU-U.S. Privacy Shield, the Swiss-U.S. Privacy Shield, and the APEC Cross-Border Privacy Rules (CPBR) System. The Privacy Shield framework (and its counterpart Swiss Privacy Shield) provides legal mechanisms for companies to transfer personal consumer data from the EU (and from Switzerland) to the United States with strong privacy protections. The APEC CBPR system is a voluntary, enforceable code of conduct designed to enhance the privacy and security of consumers' personal information transferred among the United States and other APEC members. The FTC plays a significant role in enforcing companies' privacy promises as violations of Section 5 of the FTC Act.

This year, in addition to bringing its first three enforcement actions under the new Privacy Shield, the agency worked with the Department of Commerce in conducting a successful [first Annual Review](#) of the framework with the European Commission. In addition, the FTC, which serves as a co-administrator of the APEC's cross-border privacy enforcement arrangement (CPEA), also welcomed the [National Privacy Commission of the Philippines](#) as its 11th member. The CPEA, which facilitates information sharing among members, underpins APEC's CPBR system.

The FTC also focused policy efforts on cross-border privacy issues relating to the WHOIS system coordinated by the International Corporation for Assigned Names and Numbers (ICANN). WHOIS databases provide publicly available domain registration information. The FTC worked directly with its European counterparts and with other [U.S. government agencies](#) and [ICANN's Governmental Advisory Group](#) to advocate for ICANN to maintain a WHOIS system that will allow the FTC and other users appropriate access to WHOIS data for a variety of important purposes consistent with European privacy laws. These purposes include consumer protection, privacy and other law enforcement investigations, crime prevention, the security and stability of the Internet's domain name system, intellectual property rights enforcement, and consumers' identification of online businesses.

Finally, the FTC continued to build the capacity of consumer protection and privacy agencies to develop market-oriented policies that promote consumer trust and to implement and enforce sound laws. Over the course of the year, we conducted 12 programs in countries such as Argentina, Colombia, Egypt, India, Pakistan, and the Philippines and for international and regional organizations such as UNCTAD, ASEAN (Association of Southeast Asian Nations), and COMESA (Common Market for Eastern and Southern Africa).





FEDERAL TRADE COMMISSION

PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2017

Education

In 2017, the agency published 18 blog posts through its Competition Matters blog. Popular topics included [interlocking directorates](#), [merger remedies](#), [partial privilege logs](#), and the need to submit [side agreements with HSR filings](#). The FTC also joined with the DOJ to publish [guidance on the application of the antitrust laws in the wake of hurricanes](#), [guidelines for the licensing of intellectual property](#), and updated [guidance on international enforcement and cooperation](#).

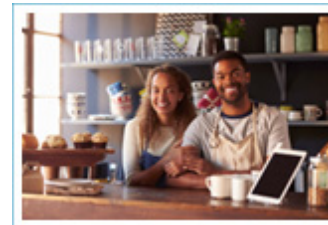
Last year, the Bureau of Consumer Protection published 212 blog posts for consumers in English, 116 blog posts for consumers in Spanish, and 132 blog posts for businesspeople and attorneys. More than 250,000 people subscribe to the English and Spanish consumer blogs, and more than 68,000 subscribe to the business blog. The most-read blog post, viewed 6.1 million times, was about the [Equifax data breach](#). Other highly viewed posts addressed other issues related to the breach, including [Equifax imposters](#), [free credit freezes](#) and [choosing between a fraud alert or credit freeze](#). Two blogs about imposters – some of whom made calls with a [spoofed FTC phone number](#) and others who [misused the Publishers Clearing House name](#) – and a warning about scammers who offered access to [secret bank accounts at Federal Reserve banks](#) were also popular. In 2017, consumers and businesspeople ordered nearly 14 million print publications and viewed 60 million pages of consumer and business information online.



The FTC has long been proactive in helping to protect military consumers from scammers targeting them. Servicemembers dedicate themselves to serving the country and protecting all of us and the Commission's education initiatives are designed to give the military community the tools to avoid scams and mitigate their effects. We continue to work with the Department of Defense to share resources with military consumers through [MilitaryConsumer.gov](#), a tool for financial readiness. The site has short, actionable, mobile-friendly tips, plus slides and talking points, to help military personnel and spouses manage their money, buy a car, rent an apartment, avoid scams and more. Military Consumer Month in July 2017 focused on education issues affecting the military community. For example, most servicemembers transition out of the military into the civilian workforce at some point in their careers, and they may consider signing up for additional education to further their career. Military spouses often begin a job search every time the family moves, which can be as frequently as every two to three years.

As part of the Commission's military-focused initiatives, the agency also hosted workshops about issues that can affect servicemembers, veterans, and their families. In July in San Antonio, Texas, the FTC brought together stakeholders to examine a wide array of financial issues that military consumers confront and ways to help them detect and defend themselves from scams and other financial problems. Panelists and other speakers at the day-long event – military consumer advocates, government representatives at all levels, military legal services and veterans law clinics, all service branches, and industry representatives – discussed these financial concerns and potential remedies and resources for military consumers. In September, the Commission and its partners co-hosted a conference in Los Angeles, California, to train military attorneys, financial advisors, law enforcement, prosecution agencies, and consumer protection officials to identify, prevent, and respond to consumer fraud and other issues affecting military personnel and their families.

The FTC maintains a robust educational program to alert businesses to evolving scams and to help companies comply with the law. Cybersecurity is a critically important topic for small businesses in the U.S. In 2017, the Commission distributed nearly 400,000 free cybersecurity publications in print for businesses and launched [FTC.gov/smallbusiness](https://www.ftc.gov/smallbusiness), a site with resources to help small businesses stay ahead of the latest scams, reduce the risk of cyber threats, and respond in case of a data breach. Small business owners can find resources like [Small Business Computer Security Basics](#), which includes tips to help protect a company's files and devices, train employees to think twice before sharing account information, keep wireless networks protected, and know what to do if a hacker gets into a small business's system. This year, the Commission built on its [Start with Security](#) initiative and featured the [Stick with Security](#) series on the Bureau of Consumer Protection [Business Blog](#). The series offers businesses additional insights into the 10 principles the agency has distilled from the lessons of recent law enforcement actions, closed investigations, and experiences companies have shared about starting with security at their business.



Between summer and fall of 2017, the FTC hosted [five roundtable discussions](#) with small business owners in collaboration with the Small Business Administration, the National Cyber Security Alliance, and other federal and local partners. The goal of the Small Business & Cybersecurity Roundtables: Engage, Connect, Protect was to listen to business owners and managers, learn from them about challenges they face when dealing with cyber threats and security, and hear their ideas on how the government can help them. The roundtable discussions took place in Charlotte, North Carolina; Cleveland, Ohio; Des Moines, Iowa; Dover, Delaware; and Portland, Oregon.



[ftc.gov](https://www.ftc.gov)

COMPETITION

ANTITRUST ENFORCEMENT

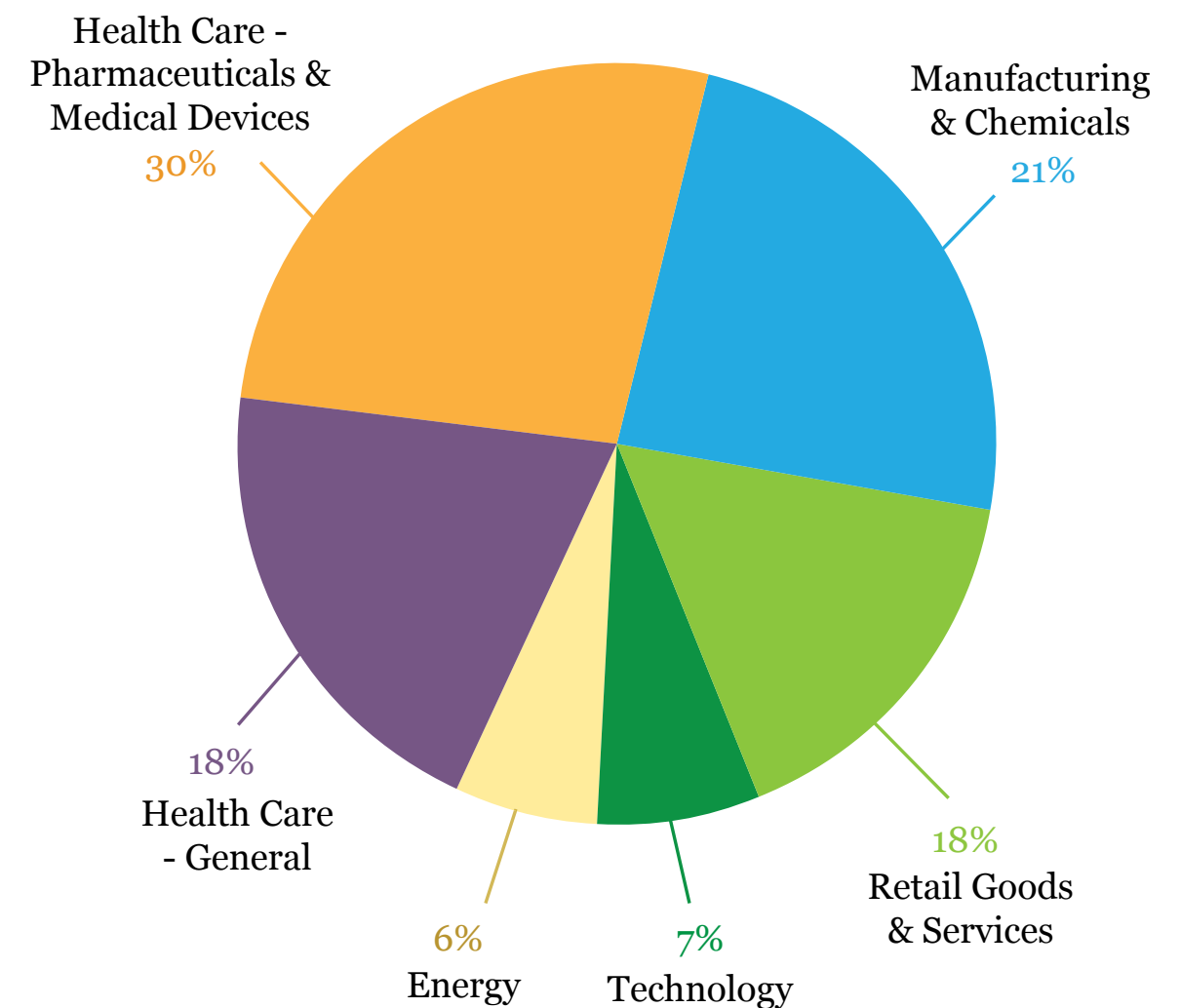
Merger Consent Orders	16
Filed Merger Cases	4
Abandoned Transactions	5
Non-Merger Actions	9
Civil Penalty Actions	2

POLICY INITIATIVES

Workshops	5
Reports	10
Advocacy & Amicus Briefs	12

ENFORCEMENT ACTIONS BY SECTOR

FISCAL YEARS 2013-2017



CONSUMER PROTECTION

ACTIONS FILED

Administrative	19
Federal	50
Civil Penalty	5

ORDERS OBTAINED

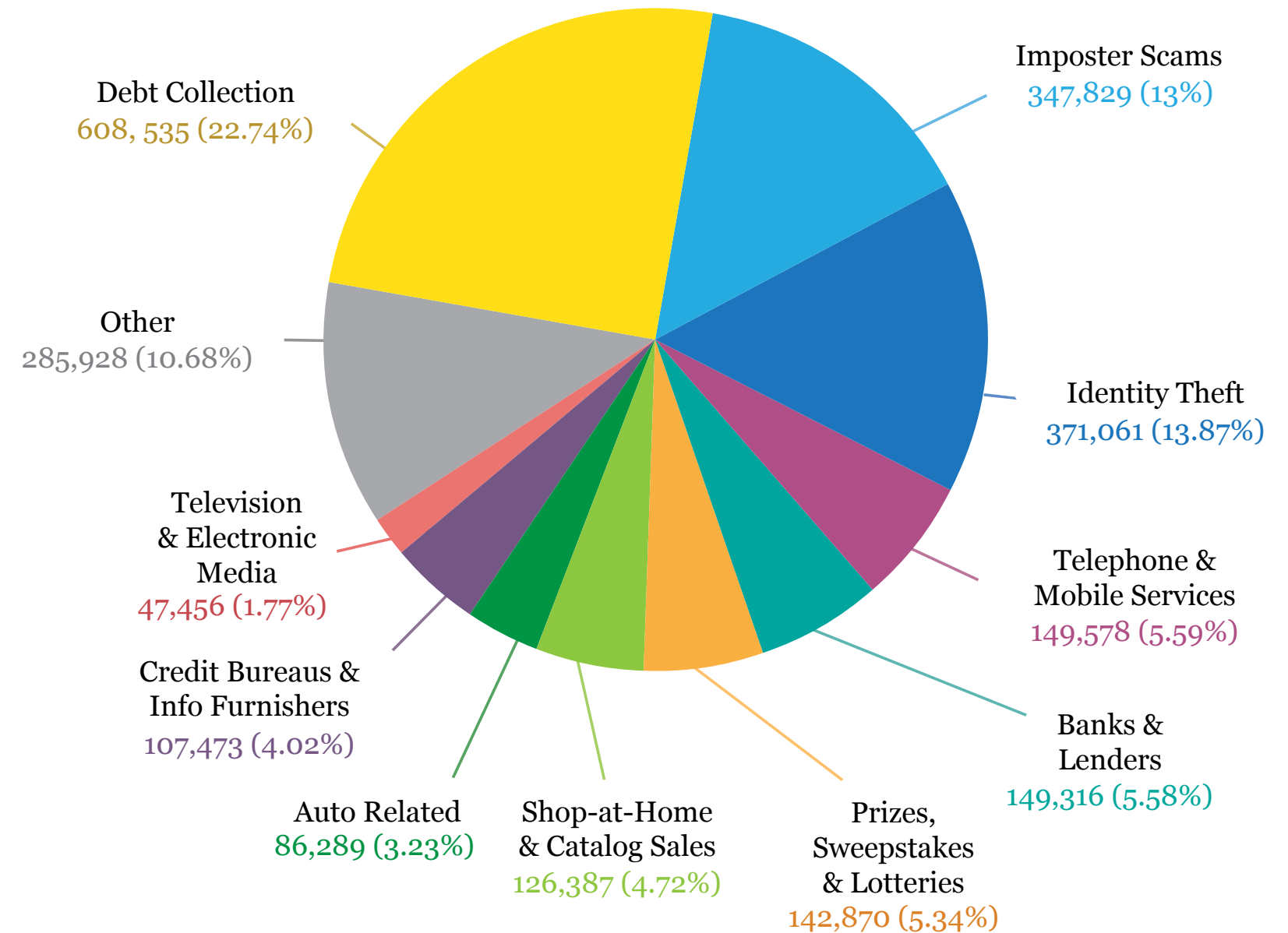
Administrative	17
Redress, Disgorgement & Permanent Injunction	105
Civil Penalty	20
Civil Contempt	5

POLICY INITIATIVES

Workshops & Conferences	19
Rulemakings Completed	4
Reports	10

CONSUMER REPORTS

*DOES NOT INCLUDE DO NOT CALL REPORTS



2,675,611 TOTAL REPORTS*

MONETARY RELIEF



TOP 5 REDRESS JUDGMENTS*

Volkswagen 3.0L	\$4.03 billion
Western Union Company	\$586 million
I Works, Inc.	\$280.91 million
Laptop & Desktop Repair, LLC	\$42.43 million
National Urological Group, Inc.	\$40.12 million



TOP 5 CIVIL PENALTY CASES*

Dish Network	\$168 million
Aaron Michael Jones	\$3.2 million
Commercial Recovery Systems	\$2 million
Norm Reeves	\$1.4 million
GC Services Limited Partnership	\$700,000

3,104,235
consumers received
\$269 MILLION
in redress directly from the FTC

TOTAL AMOUNT OF REDRESS & DISGORGEMENT*

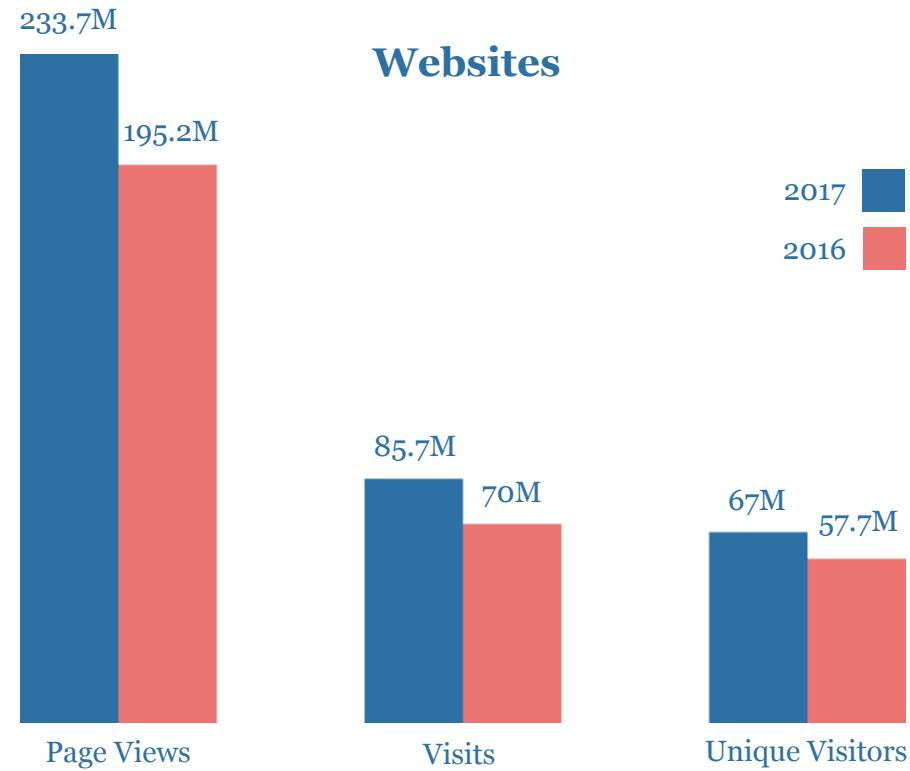
\$5.29 billion

TOTAL AMOUNT OF CIVIL PENALTIES*

\$176.04 million

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

DIGITAL OUTREACH



Most Popular Tweet

Q: A company sends something for free. No demand to post & no pay. If you post bc you like it & use it, is that an #ad?

A: Yes, it is an ad - if they send it to you because you're an influencer or for you to review it. #Influencers101

Most Popular YouTube Video

