

2018 Annual Highlights



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FEDERAL TRADE COMMISSION

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A Message from Chairman Joe Simons

On behalf of my colleagues, we are proud to present the Federal Trade Commission's 2018 Annual Highlights, where we describe our most significant recent efforts to protect consumers and promote competition. The FTC has continued to focus on areas that have the greatest consumer impact, including health care, technology, and consumer products and services. In addition to stopping anticompetitive mergers and conduct, we are committed to pursuing vigorous enforcement and meaningful relief against consumer fraud, illegal robocalls, and privacy violations.

Our agency's greatest asset is our talented staff. When our people are empowered to do their best work (and, especially, to bring cases), consumers benefit and morale improves – a true win/win. I was thrilled when we learned that the [FTC topped the 2018 list of Best Places to Work in Federal Government](#) for agencies of our size. Moreover, among 415 agency subcomponents from all federal agencies across the entire government, our Bureau of Consumer Protection and Competition were ranked third and fourth, respectively.

In 2018, the FTC continued to promote competitive markets, and thereby foster innovation and growth, by challenging harmful mergers and stopping anticompetitive business conduct. In addition to successfully litigating preliminary injunction actions in the [Wilhelmsen/Drew Marine](#) and [Tronox/Cristal](#) merger matters, the FTC blocked two other deals that were abandoned pre-trial, and accepted negotiated settlements to prevent harm in another ten transactions. In the first successful federal court monopolization case alleging an abuse of government processes, a federal district court awarded \$448 million in consumer monetary relief after finding that drug maker [AbbVie](#) used sham litigation to illegally maintain its Androgel monopoly. The Commission also ordered [1-800 Contacts](#) to end agreements with competitors that limited consumers' ability to search online for low-priced contact lenses.

2018 was a productive year on the consumer protection front as well. Unfortunately, fraudsters keep finding new ways to separate consumers from their money – but we are doing our best to get some of that money back into consumers' pockets. Notably, last year we obtained \$125 million in a settlement with [MoneyGram](#) for not living up to its promises to reduce fraud; that money will go back to people who lost money to scammers when they wired funds through MoneyGram. We also mailed record-setting refunds totaling over \$505 million to people deceived in the massive [AMG Services/Tucker](#) payday lending scam. Through [Operation Donate With Honor](#), we coordinated a federal/state law enforcement and education initiative to combat charities that falsely claim to help veterans. And we continue to seek civil penalties, when available, for violations of statutes such as the [Fair Credit Reporting Act](#), [Consumer Review Fairness Act](#), and [Children's Online Privacy Protection Act](#).

In addition to rigorous law enforcement, the Commission undertook several important policy initiatives in the past year. Most notably, last June I initiated the FTC's [Hearings on Competition and Consumer Protection in the 21st Century](#), a series of hearings examining whether broad-based changes in the economy, evolving business practices, new technologies, or international

developments might require adjustments to competition and consumer protection law, enforcement priorities, and policy. The FTC's enduring institutional strength has always been bolstered by our culture of self-reflection, our commitment to critical thinking, and our flexibility in response to changes in the marketplace. The 21st Century Hearings, led by our Office of Policy Planning and involving collaboration by staff throughout the agency, certainly have been designed and conducted in that spirit.

2018 was an historic time for the Commission. Four new Commissioners joined the agency in early May – myself, Noah Phillips, Rohit Chopra, and Rebecca Slaughter – and a fifth, Christine Wilson, arrived in September. Many of the accomplishments outlined in this report also reflect the tremendous work of former Acting Chairman Maureen Ohlhausen and Commissioner Terrell McSweeney (who departed the agency in September and April, respectively). We thank the FTC's dedicated staff for their unwavering commitment to protecting the interests of consumers and promoting a competitive marketplace. Together, my colleagues and I will ensure that the FTC continues its high-impact work on behalf of American consumers.

Introduction

The Federal Trade Commission (FTC) is a bipartisan federal agency with a unique and important mission: protect consumers and promote competition.

In 2018, 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 successfully blocked two mergers, and two other deals were abandoned pre-trial in the face of an FTC challenge. The agency also accepted negotiated settlements to prevent harm in another ten transactions. The Commission brought new cases involving a variety of anticompetitive conduct, and obtained \$448 million in the first successful federal court monopolization case alleging an abuse of government processes. The Commission also ordered online retailer 1-800 Contacts to end agreements with competitors that limited consumers' ability to search for low-priced contact lenses online.

The FTC also enjoyed continued success on the consumer protection front. For example, the FTC and the U.S. Department of Justice (DOJ) obtained \$125 million in a settlement with MoneyGram, for not living up to its promises to reduce fraud. That money will go back to people who wired money through MoneyGram and lost it to scammers. The FTC and DOJ also mailed 1.1 million refund checks totaling more than \$505 million to people deceived in a massive payday lending scheme. The Commission also set some new records for relief: its largest civil penalty against a background screening company; its largest civil penalty in a children's privacy case, against a video social networking app; its largest judgment against an advertising agency; and its first case for violations of the Consumer Review Fairness Act, which ensures consumers can give honest reviews of products or services. The agency also brought charges against a recidivist con artist and temporarily shut down his scheme, the largest overseas real estate scam that the Commission has ever targeted. In a significant federal/state

collaboration, the FTC coordinated Operation Donate with Honor, a law enforcement and education initiative to combat charities that falsely claimed to help veterans.

Enforcement

The FTC is primarily a law enforcement agency. We enhance competition and protect consumers through court and administrative actions.

Health Care

In the past year, the Commission has continued its work to preserve competition in a variety of health care markets. Competition helps to encourage cost containment, promotes higher quality care and increased access, and spurs the development of innovative new treatments.

The Commission uses its enforcement authority to prevent anticompetitive mergers that would allow health care providers to raise rates or decrease quality for vital health care services. In 2018, the Commission continued to oppose the merger of [Sanford Health and rival physician services provider, Mid Dakota Clinic](#). A federal district court granted the FTC's request to enjoin the merger, finding that the combination was likely to increase Sanford's ability to demand higher reimbursement rates from commercial health plans for its affiliated doctors practicing near Bismarck, North Dakota. The parties have appealed and the case is pending before the Eighth Circuit. In a consent decree, the Commission, in collaboration with the Hawaii Attorney General, maintained competition for inter-island air ambulance transport services in Hawaii by requiring [the only two providers of air ambulance services in Hawaii](#) to sell four fixed-wing aircraft to an FTC-approved buyer as a condition of allowing the two companies to merge.

The Commission also maintains a robust program to stop pharmaceutical companies' anticompetitive conduct designed to stave off generic competition. The Commission secured [an important victory when a federal district court awarded \\$448 million in monetary relief for consumers](#) after finding that drug maker AbbVie Inc. used sham litigation to illegally maintain its monopoly over the testosterone replacement drug, Androgel. The Commission also achieved another milestone in its efforts to put an end to harmful reverse-payment patent settlements by [obtaining a broad order that prevents Teva, the world's largest generic drug maker](#), from entering into collusive agreements that prevent price competition by keeping generic drugs off the market. The global settlement resolved outstanding claims against the company in three pending cases. Similarly, on the eve of trial, the Commission settled its long-running case against Actavis, Inc., which was remanded for trial after the U.S. Supreme Court found that the company's reverse-payment patent settlements are subject to antitrust scrutiny. Under the settlement, the current owner of the last remaining defendant is prohibited from entering into certain patent infringement settlement agreements that restrict generic entry for certain drugs and contain common forms of reverse payments.

The [Commission also initiated an administrative proceeding against three dental product distributors](#), charging that the companies conspired to refuse to serve or provide discounts to

buying groups representing dental practitioners. According to the complaint, these buying groups sought lower prices for dental supplies and equipment on behalf of solo and small-group dental practices by aggregating and leveraging the collective purchasing power of the individual practices.

Stopping false and deceptive health claims continues to be a priority goal of the Commission's consumer protection mission.

In the [Regenerative Medical Group](#) case, Dr. Bryn Jarald Henderson, D.O., and the two companies he controls, settled charges of deceptively advertising that "amniotic stem cell therapy" can treat serious diseases, including Parkinson's disease, autism, macular degeneration, cerebral palsy, multiple sclerosis, and heart attacks. The settlement also imposed a partially suspended \$3.31 million judgment and required the defendants to notify current and former patients about the order within 30 days.

The FTC brought charges against the [Nobetes Corporation](#) and its two officers, alleging that their claims that the Nobetes pill treats diabetes are false or unsubstantiated. According to the complaint, the defendants continued to make diabetes benefit claims even after the U.S. Food and Drug Administration (FDA) and the FTC warned them that they needed reliable scientific evidence. The order requires them to pay \$182,000 and prohibits the company and its officers from undertaking future deceptive practices.

In one of the largest-ever judgments against an ad agency, the FTC obtained a \$2 million judgment against [Marketing Architects, Inc.](#), an advertising agency that created and disseminated allegedly deceptive radio ads for weight-loss products marketed by its client, Direct Alternatives. The order also bans defendants from making any of the seven "gut-check" weight loss claims that the FTC has publicly advised are always false with respect to any dietary supplement, over-the-counter drug, or any product rubbed into or worn on the skin.

The FTC also worked with other agencies to coordinate action in relation to treatments for opioid addiction and related to the use of tobacco and nicotine. The FTC and the FDA [posted warning letters to 11 marketers and distributors](#) for illegally marketing products with unproven claims about the products' ability to help in the treatment of opioid addiction and withdrawal. In addition, the Commission, in coordination with the Substance Abuse and Mental Health Services Administration (SAMHSA) of the U.S. Department of Health and Human Services (HHS), issued a [fact sheet to help consumers get real help for opioid addiction or withdrawal](#), while avoiding products that promise but do not deliver help.

Finally, as part of ongoing efforts to protect youth from the dangers of nicotine and tobacco products, the FTC and the FDA jointly [issued 13 warning letters](#) to manufacturers, distributors, and retailers for selling e-liquids used in e-cigarettes with labeling and/or advertising that resemble kid-friendly food products, such as juice boxes, candies, or cookies, some of them with cartoon-like imagery. Several of the companies receiving warning letters also were cited for illegally selling the products to minors.

Technology

Competition in technology sectors can be especially important in driving innovation and growth in the economy, leading to new products, better quality, and lower prices that benefit consumers.

In response to the growing importance of technology in our economy, [the Bureau of Competition recently established a new Technology Task Force](#) to look closely at the conduct of technology firms, especially those that hold significant market power. The Technology Task Force will help FTC staff deepen the agency's understanding of technology markets and promote vigorous and effective antitrust enforcement in this critical area of the economy.

To maintain competition among innovative companies selling management platforms to auto dealers, [the Commission stopped the merger of CDK and Auto/Mate](#). Even though Auto/Mate was small at the time of the merger, it was having an outsized impact on competition with its lower prices, flexible contract terms, and willingness to integrate third-party apps. The parties abandoned their merger after the Commission challenged it as anticompetitive. The [Commission also took action to preserve competition related to Northrop Grumman's proposed merger with Orbital ATK](#). Northrop supplies the U.S. government with missile systems, including tactical missiles, strategic missiles, and missile defense interceptors, and Orbital ATK is the premier supplier of solid rocket motors, an essential input for missile systems. In close cooperation with the U.S. Department of Defense, the FTC required a firewall and non-discrimination provisions to prevent the vertical merger from reducing competition for missile systems, resulting in less innovation and higher prices for taxpayers.

In early 2019, Commission staff presented evidence before a federal district court on charges that [Qualcomm, the world's dominant supplier of baseband processors, is using anticompetitive tactics to maintain its monopoly](#) over these key semiconductor devices, which are used in cell phones and other consumer products. The FTC's complaint alleges that Qualcomm has used its dominant position as a supplier of certain baseband processors to impose onerous and anticompetitive supply and licensing terms on cell phone manufacturers and to weaken competitors.

On the consumer protection front, the FTC continued its fight against robocalls and related technology-enabled telemarketing violations. The Commission filed a complaint and motion for preliminary injunction in federal district court alleging that [Alliance Security Inc.](#), a home security installation company, and its founder called millions of consumers whose numbers are on the National Do Not Call (DNC) Registry. [According to the FTC](#), Alliance and its CEO and founder Jasjit "Jay" Gotra are recidivist violators of the Commission's Telemarketing Sales Rule (TSR) and never complied with an earlier court order against them. Two of Alliance's authorized telemarketers and their principals agreed to settle the charges, including a permanent ban from telemarketing. Litigation continues against the remaining defendants.

In [Net Dot Solutions](#), the FTC alleged that James “Jamie” Christiano and the companies he controls bombarded consumers with more than one billion illegal robocalls annually. The agency also filed charges in federal court to stop two related operations and their principals who allegedly facilitated billions of illegal robocalls to consumers nationwide, pitching everything from auto warranties to home security systems and supposed debt-relief services.

The FTC has charged [Pointbreak Media, LLC.](#), and its affiliated companies with [deceiving small business owners](#) by falsely claiming to represent Google, threatening businesses with removal from Google search results, and promising first-place or first-page placement in Google search results. According to the FTC’s complaint, the defendants also took money from some of their customers’ checking accounts without authorization. The court has appointed a receiver over the operation and has frozen the defendants’ assets during litigation.

Consumer Products and Services

The Commission works to prevent anticompetitive mergers and conduct that could lead to higher prices or fewer choices for purchases consumers make every day. This year, [the Commission stopped a merger between the country’s two leading brands of cooking oil, Wesson and Crisco](#), charging that the merger was likely to result in higher prices for canola and vegetable oils sold in grocery stores.

The Commission also found that [1-800 Contacts](#), the nation’s largest online 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 respondents have appealed the case to the Second Circuit.

The antitrust laws protect workers from illegal agreements among employers not to compete on wages; this anticompetitive conduct can depress wages. The FTC put an end to such [an agreement between a Texas company that provides physical therapist staffing services to home health agencies](#), its owner, and the former owner of a competing staffing company. According to the complaint, the two owners agreed to lower their therapist pay rates to the same level and invited several of their competitors to lower their rates in an attempt to keep therapists from switching to staffing companies that paid more, in violation of the FTC Act. The Commission staff found no evidence that the two companies had implemented their agreement to lower pay rates to the agreed levels.

In the [Roca Labs case](#), a U.S. district court [granted the FTC’s motion for summary judgment](#) against the weight-loss supplement marketer, including allegations that the company’s enforcement of “gag clauses” to stop consumers from posting negative reviews is unfair and likely to cause substantial harm. The court ordered defendants to pay more than \$25 million to the FTC for consumer redress and disgorgement.

The Commission filed charges against [Lending Club](#), an online lending company that allegedly deceived potential borrowers by falsely promising them loans with no hidden fees, claiming that they were approved for loans when they were not, and taking money from borrowers' bank accounts without authorization.

The FTC settled its charges that online student loan refiner [SoFi](#) misrepresented how much money student loan borrowers have saved or will save from refinancing their loans with the company. As part of the proposed settlement, SoFi must not misrepresent consumers' savings unless their claims are backed up with reliable evidence.

Stopping Activities Related to Fraud

The FTC led [Operation Donate with Honor](#), a coordinated effort of more than 100 law enforcement actions to target fraudulent and deceptive fundraising purportedly for military and veterans causes. The Commission joined with 54 Attorneys General from the states, the District of Columbia, American Samoa, Guam, and Puerto Rico, plus 16 additional state agencies that oversee charities. As part of the initiative, the FTC announced two cases. In [Help the Vets, Inc.](#), the Commission alleged that the defendants collected more than \$20 million by falsely claiming that donations would help veterans in need. Instead, the donated funds went to the operator of the fake charity and their for-profit fundraisers. The proposed settlement bans an individual defendant from charity management for life and imposes a \$20.4 million judgment that will be partially suspended when he pays \$1.75 million and the corporate defendant pays \$72,000, which represents all the organization's remaining funds. In the second case, the [FTC charged Travis Deloy Peterson](#) with making illegal robocalls to solicit donations for fake charities with seemingly legitimate names. At the FTC's request, a federal judge in Utah issued a temporary restraining order prohibiting Peterson from placing unlawful robocalls or making misrepresentations about charitable donations while the case proceeds.

At the FTC's request, in the [Sanctuary Belize](#) case, a federal district court temporarily shut down the largest overseas real estate investment scam the FTC has ever targeted. According to the FTC, Andris Pukke, a recidivist con artist, created the scam and perpetuated it even while serving a prison sentence for obstruction of justice. Due to the defendants' fraudulent claims, consumers either have lost, or will lose, some or all of their investments. In filing the [complaint against Pukke and a range of other defendants](#), the FTC is seeking to permanently stop the scheme and obtain a court order requiring them to turn over hundreds of millions of dollars to compensate deceived U.S. investors. The FTC also filed three contempt motions against several of the individual defendants for violating a 2006 FTC order against them.

[Sunkey Publishing and others](#), the operators of copycat websites, army.com and navyenlist.com, settled the FTC's charges that they targeted and tricked people seeking to join the armed forces to generate sales leads for post-secondary schools. The complaint alleges that the defendants promised to use the information consumers submitted to the site only for military recruitment purposes and not to share it with anyone else. Instead, the defendants sold the information as marketing leads to post-secondary schools for \$15 to \$40 per lead. The

two proposed orders require the defendants to turn over to the FTC the websites used to deceive consumers.

The FTC continued its crackdown on all players in the phantom debt chain, including those who sell fake debt portfolios and those who harass consumers to collect the phony debt. For instance, the FTC and the New York Attorney General's Office charged debt broker [Hylan Asset Management LLC](#), and its owner, Andrew Shaevel, with running a scheme to collect money from consumers on fake and unauthorized debts. According to the FTC, Hylan bought, placed for collection, and sold lists of phantom debts, including debts that the defendants had fabricated or that consumers had disputed.

At the FTC's request, a federal court ordered [Credit Bureau Center, LLC](#), and its owner, Michael Brown, to pay more than \$5.2 million to the FTC to return to consumers. The [FTC charged that they deceived people with fake rental property ads](#), lured them with phony promises of "free" credit reports, and tricked them into enrolling in a costly monthly credit monitoring service. The court order granted the FTC's motion for [summary judgment](#) and entered a [final judgment and order](#) that banned Brown and his company from selling any credit monitoring service with a negative option feature, and from misrepresenting material facts about any product or service.

A federal district court granted the FTC's request to stop [Triangle Media Corporation](#) from deceptively advertising free trial offers. [According to the FTC's complaint](#), the defendants sold skin creams, electronic cigarettes, and dietary supplements online. Consumers who clicked on their ads – placed through third-party websites, blog posts, and surveys – would end up at the defendants' websites, which, the complaint alleged, claimed to offer trials of these products for just the cost of shipping. The defendants not only charged consumers full-price for the trial product, but also enrolled them in expensive, ongoing continuity plans without their knowledge, and made it difficult to cancel or get a refund. The court order temporarily stopped the operation, froze its assets, and appointed a temporary receiver over the business. The FTC is seeking an injunction permanently barring the defendants from such practices in the future.

The FTC has continued its fight against phony student debt relief. In the ongoing case against [CD Capital Investments, LLC](#), the FTC [moved to add two new defendants](#), Capital Sun Investments, LLC, and its manager, Jimmy Calderon. In November 2018, a [court order](#) shuttered the scheme, which allegedly bilked consumers out of millions of dollars using false promises that they could reduce their monthly payments, or eliminate or reduce their student loan debt. In another student loan debt relief scam, the FTC settled its charges against [Alliance Document Prep, LLC](#), which allegedly swindled millions from consumers by misrepresenting an affiliation with the U.S. Department of Education or consumers' loan servicers, and falsely claiming to enroll people in loan forgiveness programs. The settlements are part of [Operation Game of Loans](#), a coordinated federal-state law enforcement initiative targeting deceptive student loan debt relief scams announced by the FTC in October 2017.

In its first case charging violations of the [Consumer Review Fairness Act](#), the FTC, with the State of Minnesota, settled charges that [Sellers Playbook](#), a business opportunity scheme, lured

potential buyers into believing that they would likely earn thousands of dollars a month selling products on Amazon. The settlement prohibited the defendants from making unsupported earnings claims and suppressing consumers' reviews of defendants' products or services, and required them to turn over significant assets for consumer redress. The settlement order also imposed a \$20.8 million judgment against the defendants, which will be suspended when they surrender all funds held in any corporate accounts. The [Act](#) was passed in response to reports that some businesses try to prevent people from giving honest reviews about products or services they received.

Money for Consumers

The FTC and the DOJ are using funds obtained from a settlement with MoneyGram to give money back to people who used the wire transfer service to send funds to scammers. In a 2009 settlement with the FTC, [MoneyGram](#) agreed to make it harder for con artists to use MoneyGram to defraud consumers. However, the FTC and DOJ charged that MoneyGram had not abided by its order to reduce fraud. This led to the FTC and DOJ obtaining a new settlement with MoneyGram for \$125 million. That money will eventually go back to people who wired – and lost – money to scammers through MoneyGram.

Once an FTC lawsuit or settlement is final and the defendants have paid the money the court orders, the FTC's Office of Claims and Refunds develops a plan for returning that money to the right people. In its [Annual Report on Refunds to Consumers](#), the Commission described its refund efforts, which resulted in dozens of mailings to consumers to send \$122 million in refunds. The agency also supported refund programs administered by FTC defendants or another federal agency to deliver more than \$2.3 billion in refunds.

The FTC with DOJ [mailed 1.1 million refund checks](#) totaling more than \$505 million to people deceived by [AMG Services, Inc., and Scott A. Tucker](#), who operated a massive payday lending scheme. As a result of AMG and Tucker's false promises, consumers paid far more for the loans than they had originally agreed to pay.

Privacy

In the largest civil penalty the FTC has obtained against a background screening company, [RealPage](#) agreed to pay \$3 million to settle the FTC's charges that it did not take reasonable steps to ensure the accuracy of tenant screening information that it provided to landlords and property managers. According to the FTC, that failure is a violation of the Fair Credit Reporting Act, which caused some potential renters to be falsely associated with criminal records.

In the largest civil penalty ever obtained by the Commission in a children's privacy case, the FTC charged the video social networking app [Musical.ly](#) (now known as TikTok) with illegally collecting personal information from children. The [FTC's complaint](#) alleges that Musical.ly violated the [Children's Online Privacy Protection Act](#) (COPPA), which requires that websites and online services directed to children obtain parental consent before collecting personal

information from children under the age of 13. User accounts were public by default, which meant that other users could see a child's profile bio, username, picture, and videos. The operators of the Musical.ly app were aware that a significant percentage of users were younger than 13 and received thousands of complaints from parents that their children under 13 had created Musical.ly accounts, according to the FTC's complaint. In addition to the monetary payment, the settlement also requires the app's operators to comply with COPPA going forward, and to take offline all videos made by children under the age of 13.

[Uber Technologies, Inc.](#), agreed to expand the [proposed settlement it reached with the FTC](#) in 2017 over charges that the ride-sharing company deceived consumers about its privacy and data security practices. After the announcement of the 2017 proposed settlement, the Commission learned that Uber had failed to disclose a significant breach of consumer data that occurred in 2016 – in the midst of the FTC's investigation that led to the 2017 settlement announcement. The revised settlement could subject Uber to civil penalties if it fails to notify the FTC of certain future incidents involving unauthorized access of consumer information.

[Katrina Moore and her affiliates](#) sold fake documents – pay stubs, income tax forms, and medical statements – used to facilitate identity theft and other frauds. As part of their settlement with the Commission, they agreed to permanently shut down their businesses. The settlement also prohibits the defendants from advertising, marketing, or selling any fake documents or services, and prohibits them from providing any means to others to make misrepresentations about an individual's identity, finances, residency, taxes, or employment.

The FTC approved [settlements with four companies](#) over allegations that they falsely claimed certification under the EU-U.S. Privacy Shield framework, a process to allow companies to transfer consumer data from European Union countries to the United States in compliance with EU law. In separate complaints, the [FTC alleged](#) that [IDmission, LLC](#); [mResource, LLC](#); [SmartStart Employment Screening, Inc.](#); and [VenPath, Inc.](#) falsely claimed to be certified under the EU-U.S. Privacy Shield.

Electronic toy manufacturer [VTech Electronics Limited and its U.S. subsidiary agreed to settle charges by the FTC](#) that the company violated COPPA by collecting personal information from children without providing direct notice and obtaining their parent's consent, and failing to take reasonable steps to secure the data it collected. VTech will pay \$650,000 as part of the settlement with the FTC.

Mobile phone manufacturer [BLU Products, Inc. and its co-owner](#) settled the FTC's allegations that the company allowed a China-based third-party service provider to collect detailed personal information about consumers, such as text message contents and real-time location information, without their knowledge or consent, despite promises by the company that it would keep such information secure and private.

Industrial and Manufactured Goods

The Commission works to maintain competitive markets for industrial and manufactured goods. The FTC blocked two proposed industrial mergers that would have harmed competition and customers. The FTC challenged the proposed merger of Wilhelmsen and Drew Marine, alleging that the merger would [substantially lessen competition in the supply of marine water treatment chemicals and services to global fleets](#). After a federal district court granted the Commission's request for a preliminary injunction, the parties abandoned the transaction. In another matter, the FTC challenged 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. A federal court enjoined the merger, and an administrative judge found that the merger was anticompetitive because it increased the risk of coordinated behavior in the post-merger market. This matter is on appeal to the Commission.

At the end of 2018, the [Commission took action to preserve competition for PET resin used to make plastic bottles](#) and other products. The Commission required three PET resin producers to restructure their transaction and agree to other conditions to settle charges that their proposed \$1.1 billion joint acquisition of an under-construction PET production facility would violate federal antitrust law. To maintain competition after the merger of two international industrial gas suppliers, the FTC required [Praxair and Linde](#) to sell assets in nine industrial gas product markets, such as liquid oxygen, hydrogen, and helium.

Energy

Promoting competitive energy markets is another Commission priority. In 2018, the Commission challenged two mergers involving retail fuel stations and convenience stores. In a merger that would have combined the 7-Eleven network with about 1,100 Sunoco retail fuel outlets, [the Commission required divestitures to preserve gasoline competition in 76 local markets](#). To resolve concerns that [Marathon's acquisition of Express Mart would reduce competition](#) for both retail gasoline and retail diesel fuel, the Commission required divestitures of retail fuel assets in Farmington, Fayetteville, Johnson City, Rochester, and Whitney Point, New York.

International Enforcement Efforts

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

In 2018, the FTC cooperated on 43 merger and anticompetitive conduct cases of mutual concern with international counterpart agencies around the world, including in Australia, Argentina, Brazil, Canada, Chile, China, Colombia, the European Union, Germany, Italy, Japan, Korea, Mexico, New Zealand, Saudi Arabia, Singapore, South Africa, Taiwan, and the United

Kingdom. Many of these matters involved cooperation with several foreign agencies. For example, during its review of the [Praxair/Linde merger](#), the FTC cooperated with 10 competition agencies to ensure consistent analyses, outcomes, and remedies.

The FTC continued to share enforcement techniques and experience to ensure close collaboration on cross-border cases. For example, over the course of the year, FTC staff engaged with the competition agencies of Argentina, Canada, France, Israel, Japan, Korea, Mexico, the Philippines, South Africa, Taiwan, the United Kingdom, the Common Market for Eastern and Southern Africa (COMESA), and the European Union on issues including timing of and procedures for conducting investigations, “gun jumping,” merger remedies, and the use of econometrics.

Finally, through its International Fellows Program, the FTC brought 10 foreign officials from competition and consumer protection agencies in Barbados, Brazil, India, Japan, Philippines, Switzerland, as well as from the European Commission, to work alongside FTC staff.

In the consumer protection area, the FTC engaged in enforcement-related mutual assistance with foreign agencies or multilateral organizations in 43 matters, including by using its powers under the U.S. SAFE WEB Act to obtain information from and share information with foreign authorities. One highlight was the FTC’s use of the U.S. SAFE WEB Act’s information-sharing powers to collaborate successfully with the Office of the Privacy Commissioner of Canada in the FTC’s enforcement action against VTech, a Hong Kong-based manufacturer of internet-connected toys, for violating COPPA.

The FTC also worked on two joint projects with its foreign counterparts in the International Mass Marketing Fraud Working Group (IMMFWG), which the FTC co-chairs along with DOJ and U.K. law enforcement. First, the FTC participated in a sweep of elder fraud cases involving defendants from around the globe who victimized more than a million Americans, most of whom were seniors. As part of that sweep, the FTC worked directly with U.K. and Canadian authorities to halt [Next-Gen Inc.](#), a sweepstakes scam. To facilitate cooperation with its U.K. partner, the National Trading Standards Scams Team, the FTC relied on key information-sharing provisions of the U.S. SAFE WEB Act. Second, the FTC worked with its IMMFWG counterparts to coordinate investigations and develop a simultaneous tech support fraud consumer education campaign in the recently announced [elder fraud/tech support takedown sweep](#) coordinated by DOJ. Alongside this effort, the agency [conducted several trainings and roundtables in the U.S. and India](#) to help develop the capacity of Indian law enforcement to address tech support and other impostor scams, and coordinate further with its international counterparts.

The FTC also entered into a memorandum of understanding (MOU) to facilitate information-sharing and enforcement cooperation on consumer protection matters with the U.K.’s Competition & Markets Authority. The MOU recognizes the long-standing partnership between the two agencies and provides for enhanced cooperation in the future.

The FTC brought several significant enforcement actions in 2018 involving large-scale international frauds. These include the FTC's case against online international business coaching scheme [Mobe](#), which operated in the U.S. and around the world; its actions against [Apex Capital Group](#) and [Triangle Media Corporation](#) for deceptive free trial offers; and its litigation against the massive overseas real estate investment scam, [Sanctuary Belize](#), that targeted American consumers. In these and many other cases that the Commission brought in 2018, the Commission relied on the [U.S. SAFE WEB Act's provisions](#) that allow the FTC to reach foreign conduct that has a "reasonably foreseeable" effect on U.S. consumers or that involves "material conduct" in the U.S. as the basis for challenging practices involving international defendants.

In addition, the FTC continued to make [improvements](#) to [econsumer.gov](#), an International Consumer Protection and Enforcement Network project that consists of a jointly sponsored website for reporting international fraud complaints, and the sharing of those complaints using the Consumer Sentinel Network database. Certified [econsumer.gov](#) members can now access approximately 240,000 additional consumer complaints about cross-border transactions. The agency also launched, with the help of foreign counterparts, a consumer education [video](#) on reporting scams to [econsumer.gov](#) in several languages including English, French, Japanese, Korean, Polish (subtitled), Spanish, and Turkish (subtitled).

Policy

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

Advocacy Comments

The Commission continues to provide guidance and recommendations to government bodies and lawmakers on how to incorporate competition principles into proposed laws, regulations, or policies. Staff filed comments regarding consumer choice for electricity generation ([Pennsylvania](#)); occupational licensing for Canadian dentists wishing to practice dentistry in [New York](#); restrictions on telehealth eye care ([Washington](#)); legislation requiring review of the competitive impact of the state's licensing regulations and laws ([Nebraska](#)); and modifications to supervision requirements imposed on advanced practice registered nurse-certified nurse practitioners ([Pennsylvania](#)).

Staff continued, via testimony, to support the reform of certificate-of-need laws that limit competition in the health care sector ([Alaska](#)). The FTC also responded to a request by HHS for a comment with its [Statement of the Federal Trade Commission to the Department of Health and Human Services Regarding the HHS Blueprint To Lower Drug Prices and Reduce Out-of-Pocket Costs](#). The FTC comment focused on misuse of Risk Evaluation and Mitigation Strategies (REMS) programs and biologic competition.

Amicus Briefs

The Commission authorized staff to file five amicus briefs in 2018 in cases in which the agency believed that its experience and expertise would be useful to the court. In a brief to the U.S. Supreme Court, filed jointly with DOJ, the Commission argued that a district court decision denying a motion to dismiss on [state action grounds is not immediately appealable under the collateral order doctrine](#). In another joint brief in [Apple v. Pepper](#), the agencies argued that the appellate court misapplied the rule established in *Illinois Brick Co. v. Illinois*, 431 U.S. 720 (1977), when finding that iPhone owners were direct purchasers of apps because Apple delivered the apps to them even though the commissions were first imposed on app developers who determined how much of the overcharge to pass on to consumers.

In a [joint brief to the Federal Circuit](#), the FTC and DOJ addressed the scope of the *Noerr-Pennington* doctrine and argued that the doctrine does not exempt from antitrust scrutiny the unlawful acquisition of patents, even if the patents are later enforced through protected petitioning activity. The Commission also filed an amicus brief in [Takeda v. Zydus](#), urging the district court to reject the argument that Hatch-Waxman patent infringement suits are categorically exempt from antitrust scrutiny as potential sham litigation, because the argument is contrary to the statutory text and case law.

The antitrust agencies also filed a [joint amicus brief before the Rhode Island Supreme Court](#), advocating that the business of real estate closings should not be deemed the practice of law, and thus allowed to be performed exclusively by lawyers, but should instead be open to all qualified providers. The agencies had taken that same position in 2003, advocating to the Rhode Island legislature that it should not enact a law restricting the provision of closing services.

Congressional Testimony

The Commission and its staff are often asked to share expertise on antitrust and consumer protection issues. In 2018, the FTC testified about its work to protect consumers and promote competition at [four oversight hearings before House and Senate committees](#), and provided [testimony to support the agency's annual budget request](#). The Commission also testified about consumer protection issues related to [robocalls](#), [enforcement of the Fair Credit Reporting Act](#), and [actions by payment processors that facilitate consumer fraud](#).

Hearings, Workshops, and Public Forums

In support of pursuing a vigorous policy and law enforcement agenda, for many years the FTC has engaged in substantial research to stay informed of market developments. This work helps shape the agency's policy agenda and identify opportunities to develop the law consistent with the FTC's enforcement authority. The FTC convenes events that bring together 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 competition and consumer protection issues.

In 2018, Chairman Simons initiated the [FTC's Hearings on Competition and Consumer Protection in the 21st Century](#). This series of public hearings is examining whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection law, enforcement priorities, and policy. As of March 2019, the Commission has welcomed over 266 participants in our hearing sessions, hosted 16 days of hearings – including 55 panel discussions, individual presentations, or remarks – and received more than 800 written comments.

The Bureau of Economics hosted its [eleventh annual Microeconomics Conference](#), which featured keynote speeches by academic economists, policy-relevant panel discussions, and papers presented on topics such as online privacy, and price dispersion.

On the consumer protection front, the FTC held [PrivacyCon 2018](#) to expand collaboration among leading privacy and security researchers, academics, industry representatives, consumer advocates, and the government. In addition, the FTC and the Federal Communications Commission (FCC) hosted a [joint policy forum](#) aimed at furthering the fight against illegal robocalls and caller ID spoofing.

The agency continued its efforts to educate consumers about cryptocurrencies and hold fraudsters accountable. The FTC hosted [Decrypting Cryptocurrency Scams](#), a workshop that brought together consumer groups, law enforcement, research organizations, and the private sector to explore how scammers are exploiting public interest in cryptocurrencies, such as bitcoin and Litecoin, and to discuss ways to empower and protect consumers. Reported scams include deceptive investment and business opportunities, bait-and-switch schemes, and [deceptively marketed mining machines](#).

Small businesses are an integral part of the U.S. economy. In 2018, the FTC held several roundtable discussions with small business owners to discuss the challenges they face when dealing with cyber threats and data security. In addition, the FTC's Midwest Region, the Small Business Administration's Illinois District Office, and the Chicago Better Business Bureau hosted [Keeping Your Small Business Safe in the Digital Age](#), a half-day event to help small businesses protect against cyber threats and keep their data safe.

Reports

In September 2018, the FTC released the staff report [Options to Enhance Occupational License Portability](#). Building on a roundtable that examined ways to mitigate the negative effects of state-based occupational licensing requirements, the report discussed ways to reduce the burden on licensed workers moving to new states or wishing to market services across state lines. The report looked at interstate compacts and model laws that states could use to improve

the portability of occupational licenses and considered procedures that might be adopted to facilitate multistate practice by those who already hold a valid license in one state.

International Policy Initiatives

The FTC promotes sound approaches to competition, consumer protection, and privacy issues, building relationships with counterpart agencies around the world. Most recently, as part of Chairman Simons' hearings initiative on [Competition and Consumer Protection in the 21st Century](#), the FTC held a [two-day hearing focused on the FTC's international engagement](#). With input from competition, consumer protection, and privacy enforcers and experts from around the world, these sessions explored the FTC's international role in light of globalization, technological change, and the growth of non-U.S. competition, consumer protection, and privacy enforcement regimes.

The FTC worked with colleagues from around the world, both bilaterally and in multilateral bodies, to promote convergence toward sound competition enforcement, policy, and procedures. Key areas of attention in 2018 concerned competition and the digital economy, the application of antitrust rules to intellectual property, the territorial scope of remedies, merger notification and procedures, and procedural fairness. FTC representatives held senior-level meetings with key counterparts, including from Australia, Brazil, [Canada](#), [China](#), the [European Union](#), India, Israel, Japan, Korea, [Mexico](#), New Zealand, and the United Kingdom. The FTC also continued to play important roles in promoting convergence toward sound policies in the International Competition Network (ICN) and the competition bodies of the Organisation for Economic Co-operation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), and the Asia-Pacific Economic Cooperation (APEC).

In the ICN, the FTC continued to serve on the Steering Group and to co-chair the Merger Working Group, through which the agency leads a multi-year initiative to update and expand the ICN's Recommended Practices for [Merger Notification and Review Procedures](#) and [Merger Analysis](#). The FTC also serves as co-chair of the ICN's implementation working group to promote the use of ICN recommendations and work product. Notably, the FTC led a project that resulted in the ICN's 2018 adoption [of guiding principles for procedural fairness in antitrust investigations](#), and the FTC continued its leadership of [the ICN Training on Demand Project](#), which produces video training materials for newer competition agencies and staff. In the OECD, the FTC played a central role in developing the Competition Committee's long-term projects on competition in the digital economy and market studies.

The FTC's technical assistance work is critical to the agency's convergence initiatives and helping young agencies apply their laws to support competitive markets and compatible analysis and outcomes in cross-border matters. During the past year, FTC staff conducted 24 technical assistance missions in 17 jurisdictions, including regional programs for Africa, Central America, and Eastern Europe, and placed resident advisors in the competition agencies of India and Ukraine. The FTC also worked with colleagues in other parts of the U.S. government, as appropriate, to accomplish the agency's missions; for example: in dealing with issues that have

arisen in the enforcement of some foreign antitrust laws; as part of the U.S. delegation that negotiated the competition chapter of the United States-Mexico-Canada Agreement; in shaping the G20 and G7 outcomes on digital economy issues; and serving on the U.S. interagency group that addresses U.S.-China economic and trade issues. The FTC used these opportunities to promote the [Revised Antitrust Guidelines for International Enforcement and Cooperation](#), focusing on international cooperation and criteria for the use of extraterritorial remedies.

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. The FTC provided policy input to U.S. governmental submissions to organizations such as the OECD, the G7, and the G20 on consumer protection issues relating to online advertising, artificial intelligence, sharing economy platforms, personalized pricing, and online ratings and review mechanisms. 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. One highlight was the FTC's organization of the semi-annual meeting of the [Asia Pacific Privacy Authorities \(APPA\) Forum](#) in San Francisco. At the forum, the FTC and its partners reported on global privacy trends, exchanged ideas about how they approach privacy protection in their own countries, and sought opportunities for cooperation on education and enforcement activities across the Asia Pacific region.

The agency also continued its collaboration with the U.S. Department of Commerce (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 five new enforcement actions under the Privacy Shield, the agency worked with Commerce in conducting a successful [second Annual Review](#) of the framework with the European Commission.

Finally, the FTC continued to build the capacity of other 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, FTC staff conducted 12 programs on consumer protection, privacy, and data security issues in countries such as Argentina, Colombia, Egypt, India, Mexico, Nigeria, Peru, the Philippines, and Singapore. One highlight was the [Ninth African Consumer Protection Dialogue Conference](#), organized by the FTC and the Gambia Competition and Consumer Protection Commission, which brought together agencies from over 20 African countries for trainings and discussions on consumer protection law enforcement and consumer education on digital economy issues.

Education

The Commission informs consumers and businesses in a variety of ways.

In 2018, the agency published 15 blog posts through its Competition Matters blog. Popular topics included [vertical merger analysis](#), [the scope of in-house attorney-client privilege](#), [HSR reporting requirements for non-profit entities](#), and [merger timing agreements](#). The FTC and DOJ also hosted a [workshop on new developments in residential real estate brokerage](#).

In 2018, the Bureau of Consumer Protection published 279 consumer blog posts (180 in English, 99 in Spanish). In addition, the Consumer Center blog has attracted more than 282,000 subscribers (231,000 in English, nearly 51,000 in Spanish). The most-viewed blog post was about [scammers who impersonate the Social Security Administration](#); other popular blogs related to imposters, including [romance scammers](#), cons who pretended to have video of a victim and [demanded payoff in bitcoin](#), and scammers who [faked caller ID](#) to look like local callers. Readers were interested in the [FTC's refund of \\$505 million](#) to 1.1 million payday loan customers, and keeping up with consumer news about [free credit freezes](#) and [new Medicare cards](#). In 2018, the FTC's consumer sites logged nearly 44 million pageviews. The agency also distributed nearly 13.4 million free print publications.

The FTC's Business Center blog developed 114 blog posts for businesspeople and attorneys, with nearly 77,000 subscribers. The FTC's business resources logged 9.7 million pageviews. In addition, members of the public ordered more than 600,000 copies of 14 business education titles and registered more than 91,000 views of FTC business videos at [business.ftc.gov](#).

[Donate with Honor](#) was one of last year's large education initiatives to help people donate wisely and avoid scams related to charities that supposedly help veterans. The effort included a video, two infographics, five articles, and a robust network of partners across the country. The FTC also worked with the National Association of State Charities Officials, and state charities regulators across the country on the first annual [International Charity Fraud Awareness Week](#), an international campaign to help charities and consumers avoid charity fraud and promote wise giving.

In 2018, the FTC developed the [Cybersecurity for Small Business](#) program to equip small business owners and non-profit managers with resources to educate themselves and their employees to avoid and respond to cybersecurity threats. The contents, style, and variety of resources have been based on information the FTC gathered during roundtable discussions with people in the target audience to discuss their greatest concerns related to cybersecurity, and how the federal government could help them. Employers can start with the one-page discussion guide that explains how to use material and discuss cybersecurity with employees. They then can use three online, instant-response quizzes to measure employees' understanding. As participants had asked, the FTC created the campaign with other agencies: the Small Business Administration, U.S. Department of Homeland Security, and the National Institute of Standards and Technology (NIST).

The FTC also released [updated guidance for consumers and businesses](#) on how to spot and avoid losing money to a tech support scam, including a [new three-minute video](#) featuring a consumer who fell victim to a tech support scammer.

The Commission also developed a booklet for businesspeople, [Scams and Your Small Business: A Guide for Business](#). It explains common scams that target small businesses and non-profit organizations, describes scammers' tactics, and provides steps people can take to protect their company from scams.

COMPETITION

ANTITRUST ENFORCEMENT

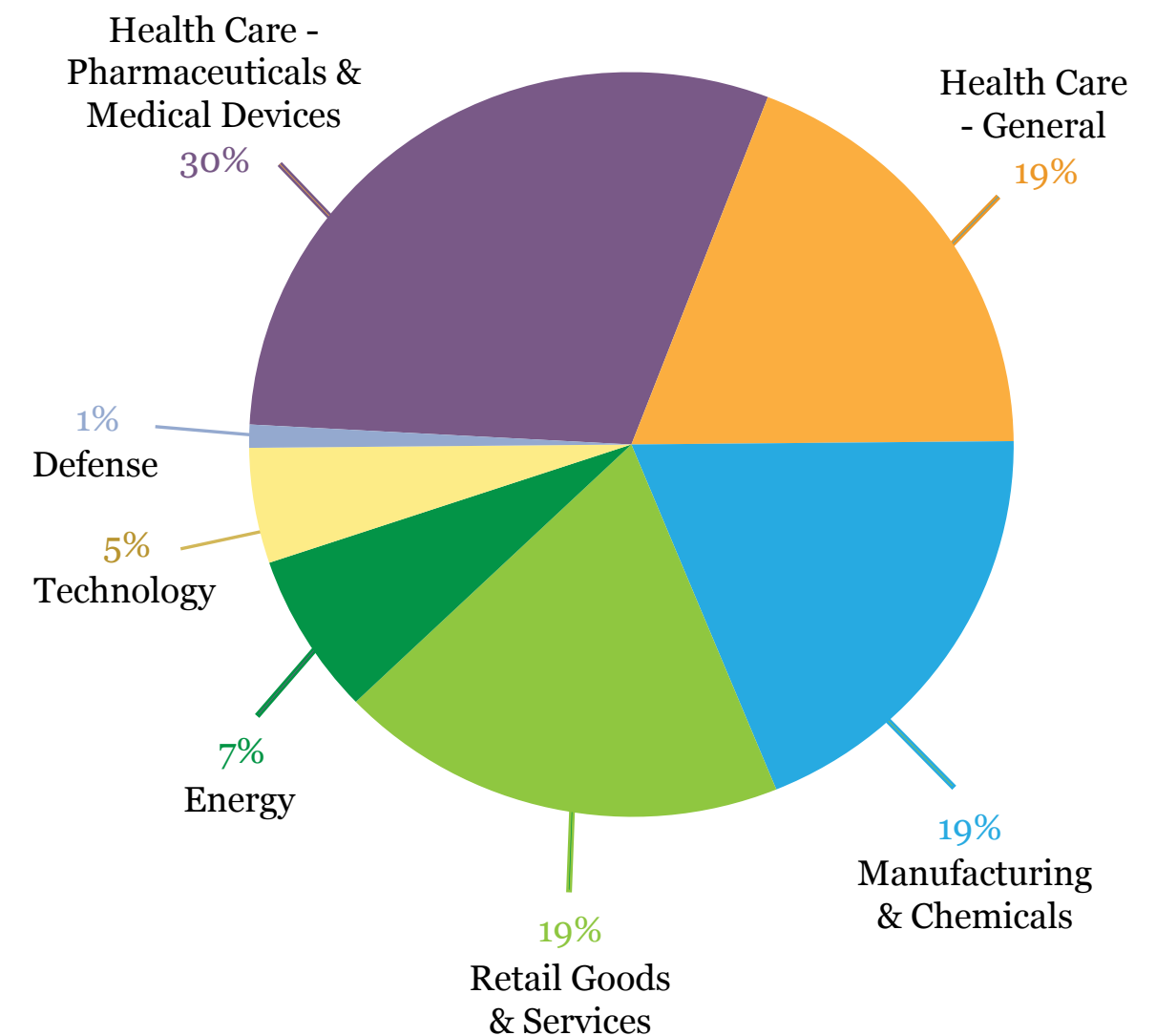
Merger Consent Orders	10
Filed Merger Cases	3
Abandoned Transactions	7
Non-Merger Actions	3
Civil Penalty Actions	2

POLICY INITIATIVES

Hearings & Workshops	10
Reports	7
Advocacy & Amicus Briefs	12

ENFORCEMENT ACTIONS BY SECTOR

FISCAL YEARS 2014-2018



CONSUMER PROTECTION

ACTIONS FILED

Administrative	18
Federal	40
Civil Penalty	8

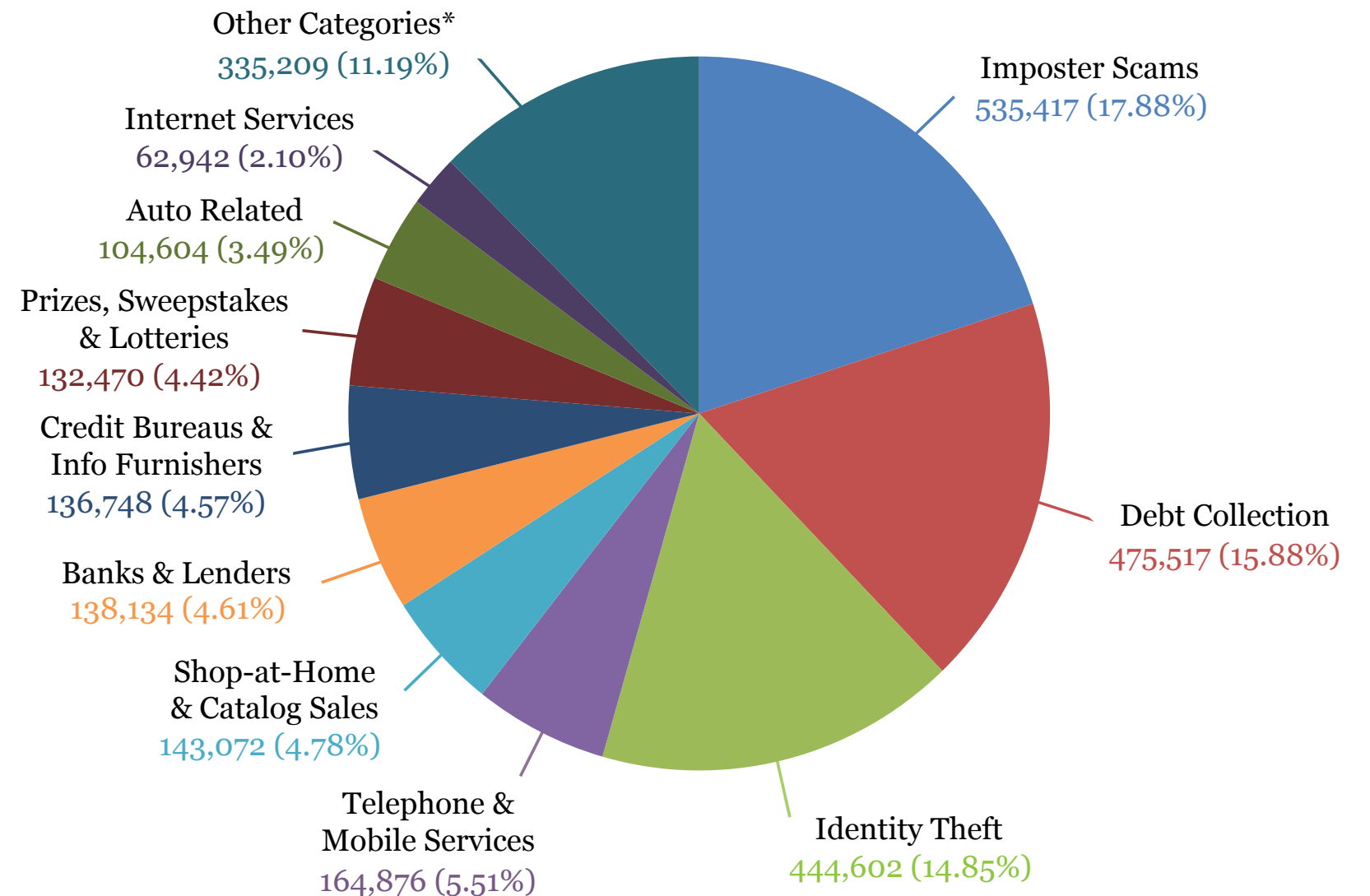
ORDERS OBTAINED

Administrative	19
Redress, Disgorgement & Permanent Injunction	78
Civil Penalty	12
Civil Contempt	3

POLICY INITIATIVES

Workshops & Conferences	11
Rulemakings Completed	4
Reports	14

CONSUMER REPORTS



2,994,483 TOTAL REPORTS*

* Does not include Do Not Call reports. "Other Categories" does not include Unspecified or Miscellaneous reports.

MONETARY RELIEF

 **TOP 5 REDRESS JUDGMENTS***

MoneyGram International Inc.	\$125 million
Helping America Group	\$31 million
Vantage Point Services	\$26.96 million
Life Management Services	\$23.1 million
Blue Saguaro Marketing LLC (Max Results Marketing)	\$11.9 million

 **TOP 5 CIVIL PENALTY CASES***

RealPage, Inc.	\$3 million
Help The Vets, Inc.	\$1.82 million
Vtech Electronics Limited	\$650,000
Dolan/Madison Square Garden	\$609,810
Corporation For Character (Feature Films for Families, Inc.)	\$487,735

* Includes refund programs administered by FTC defendants and monitored by the FTC.

2,266,633
consumers received
\$439 MILLION
in redress directly from the FTC



ADDITIONAL REDRESS ADMINISTERED BY OTHERS

\$1.365 billion

NEW REDRESS & DISGORGEMENT AWARDS*

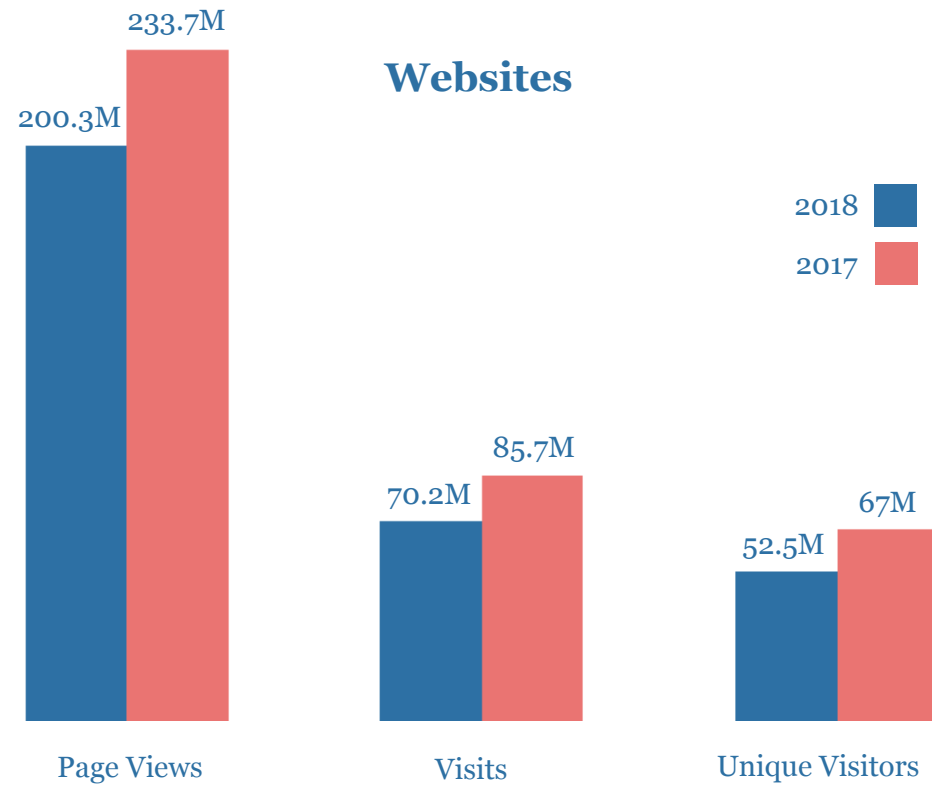
\$254.03 million

CIVIL PENALTIES AWARDED*

\$7.16 million

DIGITAL OUTREACH

Websites



Top 3 Downloaded Files



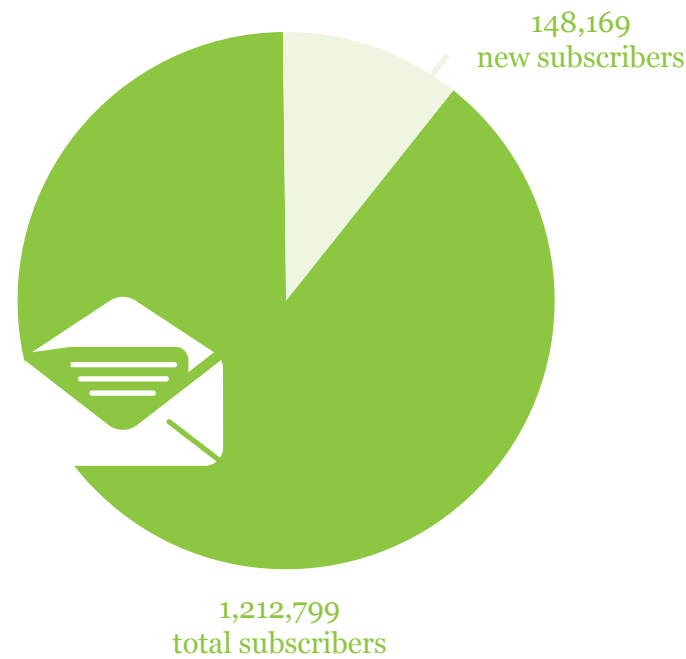
Most Popular Tweet

Statement by the Acting Director of @FTC's Bureau of Consumer Protection regarding reported concerns about @Facebook's #privacy practices: go.usa.gov/xQaux

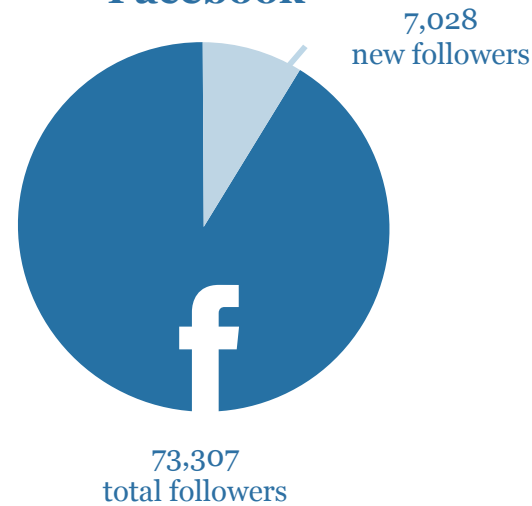
Most Popular YouTube Video



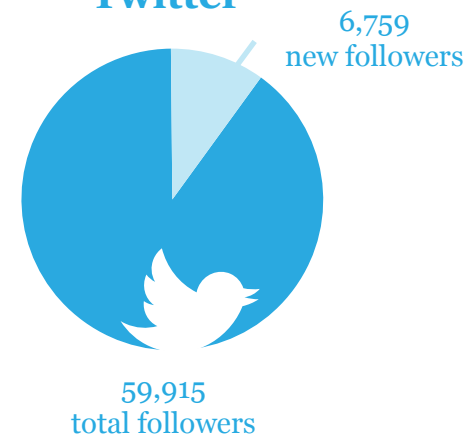
Email



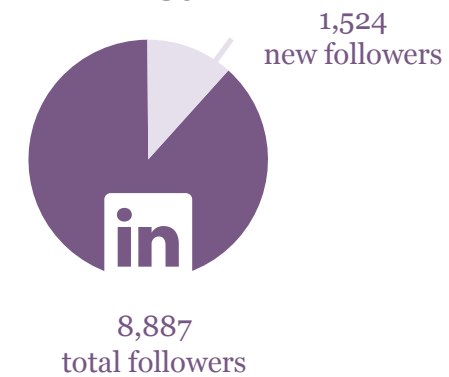
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YouTube

