FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

Annual Highlights 2013



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A Message from Chairwoman Edith Ramirez



Welcome to the Federal Trade Commission's 2013 Annual Highlights. As many of you know, 2014 is a special year for the Federal Trade Commission as we mark 100 years since President Woodrow Wilson signed the FTC Act into law. We are commemorating our centennial by reflecting on our history of promoting honest business practices and robust competition in the marketplace, as well as focusing on the agency's exciting future.

The hallmark of our work has been, and will continue to be, our ability to adapt established tools — law enforcement, policy initiatives and education — to address economic challenges and technological advances that Congress could never have imagined when it created the FTC. In these Highlights, you will find an overview of our agency's major initiatives and achievements for calendar year 2013. Our accomplishments include:

Important law enforcement work to promote competition and protect consumers in key sectors of our economy — health care, technology, energy and the environment, and a variety of consumer services — and to stop consumer fraud and enforce orders;

Research and policy initiatives to advance government policies that promote competition, better understand the dynamics of evolving markets and inform the agency's work protecting consumers in an increasingly digital and mobile world;

International cooperation and collaboration to promote sound competition enforcement and protect consumers in the global marketplace; and

Creative and practical strategies to educate consumers and businesses about their rights and responsibilities.

As we highlight the successes of the last year, my fellow Commissioners — Julie Brill, Maureen Ohlhausen, and Joshua Wright — and I thank the FTC's talented staff for their dedication and unstinting work serving the American public. In this historic year, I am honored to lead the agency as we look back on the FTC's impressive history and embark on our next century of service on behalf of American consumers.

Edith Ramirez, Chairwoman

Enforcement

The Commission's main responsibility is as a law enforcer. Through court and administrative actions, the agency ensures that competition is enhanced and consumers are treated fairly in the marketplace.

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Introduction



The Commission obtained a number of litigated decisions in 2013, most notably two victories before the Supreme Court in *FTC v. Actavis, Inc.* and *FTC v. Phoebe Putney*. These rulings represent important wins for consumers and a vindication of basic antitrust and free market principles that will allow the Commission to push back against harmful pay-for-delay patent settlements and over-broad interpretations of state action immunity. Finally, after more than four years of litigation, the Eleventh Circuit Court upheld the Commission's opinion and order enabling the Commission to reverse the merger of Polypore International and Microporous, and to restore the competition that was lost when the companies merged six years ago.

On the consumer protection side, the Commission obtained eight victories at the appellate level on important issues, including the proper calculations of both restitution and unjust gain and the extent of the court's authority to grant ancillary equitable relief under Section 13(b) of the FTC Act. The FTC also won 13 litigated decisions in District Court cases, which ranged from debt relief and auto buying scams to misrepresentations concerning LED lights and home insulation.

Here are highlights of FTC law enforcement in areas that impact important sectors of the U.S. economy – health care, technology, energy and the environment – as well as a variety of consumer services, and highlights from our aggressive fraud and order enforcement program.

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Health Care

The health care and pharmaceutical industries were again a priority area for competition enforcement.

One key enforcement effort is to prevent mergers that likely would leave few local health care options for patients seeking care close to home. Working with the Idaho Attorney General, Commission litigators successfully challenged the combination of the two largest providers of adult primary care physician services in the Nampa, Idaho, area. After an 18-day trial in October 2013, the court found that the merger had increased St. Luke Hospital's ability to demand higher reimbursement rates for its affiliated doctors from commercial

health plans in violation of the antitrust laws. Additionally, in February 2013, in a unanimous opinion, the Supreme Court ruled that the state action doctrine did not immunize Phoebe Putney Health System, Inc.'s acquisition of its sole rival in Albany, Georgia, Palmyra Park Hospital, Inc., from the federal antitrust laws, reversing a decision of the 11th Circuit Court of Appeals. The FTC had alleged that the deal would create a monopoly and allow the combined Phoebe/Palmyra entity to raise prices for general acute-care hospital services charged to commercial health plans, harming patients, local employers and employees. In August 2013, the FTC accepted a consent agreement for public comment.

The Commission also continued to review pharmaceutical mergers with an eye to preserving competition for generic medications as well as emerging treatments. One such example was the Commission's challenge to Mylan, Inc.'s proposed $1.85 billion acquisition of Agila Specialties. The FTC alleged that the acquisition likely would reduce competition substantially for 11 generic injectable drugs used to treat a variety of medical conditions, including several types of pediatric cancers, autoimmune diseases, severe hypertension, and urinary tract damage and required Mylan and Agila Specialties to divest these generic injectable drugs before allowing the merger to proceed. In another example, the FTC required Actavis to sell all rights and assets to four generic pharmaceuticals to resolve charges that Actavis' proposed $8.5 billion acquisition of Warner Chilcott would be anticompetitive.

In February 2013, the FTC settled charges against eight independent nephrologists in Puerto Rico who illegally bargained collectively with insurers and refused to treat health plan patients when the doctors' price demands were rebuffed, resulting in increased prices for nephrology services. The FTC's consent order contains prohibitions to prevent recurrence of the group's conduct, but allows for qualified joint clinical integration or risk sharing arrangements that are necessary to promote quality and efficiency.

In May 2013, the U.S. Court of Appeals for the 4th Circuit upheld a commission ruling that the North Carolina State Board of Dental Examiners illegally thwarted lower-priced competition by engaging in anticompetitive conduct to prevent non-dentists from providing teeth whitening services to consumers in the state. The 4th Circuit agreed with the Commission that a state regulatory board dominated by self-interested private actors cannot shield its anticompetitive conduct from antitrust review using the state action doctrine. In March 2014, the Supreme Court granted the North Carolina State Board of Dental Examiners' petition for certiorari.

Another significant victory for the Commission was the Supreme Court's ruling that pay-for-delay agreements are subject to antitrust scrutiny, thus reversing a lower court dismissal in FTC v. Actavis. The FTC will proceed with its litigation against the maker of the drug AndroGel, and two generic drug manufacturers, charging that the companies agreed that the generic manufacturers would abandon their patent challenges relating to AndroGel and delay for nine years the marketing of a generic formulation of the testosterone replacement drug in return for payments.

In consumer protection health care enforcement, the FTC filed a complaint against LabMD, Inc., a medical testing laboratory, alleging that the company failed to take reasonable steps to protect the security of consumers' personal data and medical information. The complaint alleges that because of the company's failures, billing information for more than 9,000 people was found on a peer-to-peer file-sharing network, and that subsequently, identity thieves obtained LabMD documents with the sensitive information of at least 500 people.

The agency also continued its effort against misleading health claims. In January 2014, the agency announced Operation Failed Resolution, a law enforcement initiative stopping national marketers that used deceptive advertising claims to peddle fad weight-loss products, from food additives and skin cream to dietary supplements. Sensa Products, LLC, L'Occitane, Inc., HCG Diet Direct, and the principals of LeanSpa, LLC agreed to pay $34 million to settle allegations that they made unsubstantiated claims about the efficacy of their products. Two marketers of genetically customized nutritional supplements also settled FTC charges that they failed to have competent and reliable scientific evidence to support their marketing claims. GeneLink, Inc. and foruTM International Corp. claimed that based on DNA obtained through a customer's cheek swab, their customized nutritional supplements could compensate for that individual's genetic disadvantages and treat serious conditions, such as diabetes and heart disease. The Commission also charged the companies with failing to take reasonable and appropriate security measures to safeguard personal information collected from nearly 30,000 people.



A federal court found that Wellness Support Network, Inc. and its principals made false and unsubstantiated claims that its dietary supplements would treat and prevent diabetes, and reduce or eliminate the need for insulin and other legitimate diabetes medication. The court ordered the defendants to pay $2.2 million in consumer redress and enjoined them from claiming that their products are effective in the diagnosis, cure, mitigation, treatment, or prevention of any disease unless the defendants possess a high level of scientific substantiation.

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Technology

Promoting competition in technology sectors can be especially important to ensure that technological advances continue to drive growth in the economy, creating jobs and introducing more efficient products and processes into the marketplace. For instance, the Commission alleged that the elimination of competition between Nielsen and Arbitron in the developing cross-platform audience measurement services business would increase the likelihood that Nielson would exercise market power and cause U.S. advertisers, advertisement agencies, and media programmers to pay higher prices in the future for these services that measure audiences across multiple platforms, such as television and online. The Commission required Nielsen to divest assets related to Arbitron's cross-platform audience measurement business to a Commission-approved buyer before acquiring Arbitron.

In another case involving technology products, the Commission intervened to preserve competition for two-dimensional scan engines, which are used in retail checkout scanners. The Commission alleged that Honeywell International, Inc.'s proposed $600 million acquisition of Intermec Inc. would combine two of the three most significant participants in the highly concentrated U.S. market for 2-D scan engines. To settle those charges, Honeywell licensed U.S. patents necessary to manufacture 2-D scan engines and related devices to allow the buyer to quickly and effectively enter the U.S. market and restore the competition lost due to the merger.

On the consumer protection front, the Commission brought several actions involving mobile payment technology, mobile privacy issues, and data security related to the Internet of Things. The FTC settled allegations that Wise Media crammed more than $10 million in unauthorized charges onto people's mobile phone bills. The Commission charged that the company billed consumers for so-called "premium services" they didn't want or order, such as text messages with horoscopes and flirting tips. Jesta Digital, LLC, a global mobile marketer, also settled charges that they crammed unwanted charges onto people's mobile phone bills, agreeing to provide refunds to consumers and pay an additional $1.2 million. The Commission charged Jesta with running phony virus-scan ads on Android mobile devices when people were using the Angry Birds app, and using Wireless Access Protocol billing, a novel and little-known technology, to capture their phone number and place charges on their phone bill without their permission.



The creator of a popular app for Android mobile devices agreed to settle FTC charges that the app deceived people about how the company would share geolocation information. The Commission alleged that Goldenshores Technologies, LLC, the company behind the "Brightest Flashlight Free" app, failed to disclose in its privacy policy that the app transmitted users' precise location and the unique device identifier to third parties, including ad networks. The company also allegedly offered users a false choice to accept or refuse the terms of the EULA when they downloaded the app. Even before a user had a chance to accept the terms, which included information about data collection, the app had begun collecting and sending identifying information to third parties.

The FTC also settled charges against TRENDnet, a company that markets video cameras for remote home monitoring. According to the FTC, TRENDnet marketed its SecurView cameras as secure for home and baby monitoring, but the cameras had faulty software that left them open to online viewing. A hacker exploited the flaw, and eventually others posted links to the live feeds of nearly 700 cameras that displayed babies asleep in their cribs, young kids playing, and adults going about their daily lives. As part of the settlement, TRENDnet must notify users of the security problems and tell them how to fix them. The company also must implement a comprehensive security plan.

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Energy and the Environment

In competition enforcement related to gasoline and diesel markets, the Commission challenged Tesoro's $335 million acquisition of Chevron Corporation's Northwest Products Pipeline system and associated terminals, alleging that the acquisition would give Tesoro ownership of two of the three refined light petroleum products terminals in the Boise, Idaho, area. To resolve concerns that the acquisition would give Tesoro control over most of the terminal capacity in Boise, the company sold a refined light petroleum products terminal in Boise to a Commission-approved buyer.

In a consumer protection action, a U.S. district court found Lights of America and its principals liable for making deceptive claims about the light output and lifetime of their LED light bulbs. After a full trial, the court entered a $21 million judgment, and the defendants agreed to appropriate conduct and monitoring relief.

The Commission brought a series of actions to stop deceptive environmental claims. The Commission settled four matters and a fifth is in litigation against sellers of plastic products who claimed their merchandise was biodegradable based on the use of certain additives. The FTC alleged that none of the companies could substantiate that the additives actually helped their products biodegrade in landfill

conditions. The FTC also settled charges with three mattress manufacturers, alleging that VOC- and chemical-free claims for their products were false and unsubstantiated.

The Commission initiated an action against AJM Packaging Corp., a paper plate manufacturer, for violating a previous order by making false and unsubstantiated claims about the biodegradability, compostability, and recyclability of their products. The company paid a penalty of $450,000 and agreed to remain under order for another 20 years.

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Consumer Services



The Commission works to preserve competition for purchases consumers make every day, from groceries to music lessons to funeral services. For instance, the Commission examined the likely effects of a merger between Albertson's and United Supermarkets, a regional grocery retailer with 51 traditional and specialty supermarkets, and seven convenience stores across North and West Texas. The Commission required supermarket divestitures in Amarillo and Wichita Falls, Texas, to preserve competition for shoppers in those two cities. The Commission also takes action against inputs to products that consumers buy at retail. For instance, the Commission challenged a merger between the makers of glass bottles, arguing that Ardagh Group's acquisition of rival glass manufacturer Saint-Gobain Containers would combine two of the three largest U.S. manufacturers of glass containers for beer and spirits. That would lead to increased prices of bottles to suppliers of beer and spirits.

To preserve competition among casinos, the Commission filed suit to block Pinnacle Entertainment Inc.'s proposed acquisition of Ameristar Casinos because the acquisition would reduce competition and lead to higher prices and lower quality for casino customers in St. Louis and the area of Lake Charles, Louisiana. To settle the charges, Pinnacle agreed to sell assets associated with one casino in each market to a Commission-approved buyer.

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. In two matters announced the same day, the Commission resolved charges that certain provisions in trade association codes of ethics had interfered with fundamental aspects of competition among their members. The FTC's complaint against the Music Teachers National Association, Inc., which represents over 20,000 music teachers nationwide, alleged that the association and its members restrained competition through a code of ethics provision that restricted members from soliciting clients from rival music teachers. In a separate complaint, the FTC charged that the California Association of Legal Support Professionals violated the antitrust laws through code of ethics provisions that restrained its members from competing against each other on price, disparaging each other through advertising, and soliciting legal support professionals for employment. In a unanimous statement accompanying the announcement of the two proposed consent orders, the Commission made clear that trade association activity, while generally beneficial, can cross the line and prevent members from offering competitive rates to consumers, often under the guise of ethical codes.

The Commission also reviewed the proposed merger of the nation's top two providers of funeral and cemetery services, Service Corporation International and Stewart Enterprises. In its investigation, the Commission identified competitive concerns in 59 communities throughout the U.S., including some local markets where certain funeral-service and cemetery-service locations cater to specific populations by focusing on the customs and rituals associated with one or more religious, ethnic, or cultural heritage groups. The parties agreed to settle FTC charges and sell 53 funeral homes in 29 local funeral services markets and 38 cemeteries in 30 local cemetery markets to Commission-approved buyers.

To improve consumer services, the agency used its consumer protection law enforcement tools as well. The Commission settled charges with Certegy Check Services, Inc., and Telecheck, Inc., two of the nation's biggest check authorization companies, which together agreed to pay $7 million in civil penalties. These companies collect data about people's check-writing histories, and then recommend whether their retail and other clients should accept a consumer's payment by check. The FTC alleged that the companies failed to follow proper dispute procedures and reasonable procedures to assure maximum accuracy of the information they provided to their merchant clients as required by the Fair Credit Reporting Act.

In addition, Time Warner Cable agreed to pay $1.9 million to resolve charges that it failed to provide required notices to consumers when it used credit reports to determine the terms of their cable service. The FTC alleged that the company may have required subscribers whose credit reports included negative information to pay a deposit or pre-pay the first month's bill without providing the required risk-based pricing notices to let them know about the practice, which would have allowed subscribers to check their credit reports and dispute any errors.

In January 2014, the Commission announced Operation Steer Clear. The agency took action against 10 car dealers for deceptive advertising of financing deals and other promotions. The FTC charged that the dealerships violated the FTC Act by deceptively advertising that consumers could lease a vehicle for $0 down and specific monthly payments when the advertised amounts excluded substantial fees. The ads also violated the Consumer Leasing Act and Regulation M by failing to disclose or disclose clearly and conspicuously certain lease related terms. All the companies involved have agreed to consent orders prohibiting the practices.

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Stopping Fraud

Law enforcement to prevent consumer fraud continues as a high priority for the agency. The Commission won a major court battle in Ivy Capital, where the Court granted summary judgment against several defendants, and entered a final judgment permanently stopping a massive business "coaching" scheme, and awarded more than $130 million in monetary relief. After trial, a federal district court entered a permanent injunction and a judgment of more than $9.5 million against Direct Benefits Group, LLC, an online operation that illegally debited people's bank accounts when they visited the defendants' websites in search of payday loans. The Commission charged Prime Legal Plans with making false mortgage relief claims, violating the MARS (Mortgage Assistance Relief Services) Rule by collecting up-front monthly fees of up to $750, and violating Do Not Call Rules with its outbound telemarketing campaign conducted behind a sham non-profit. A settlement resulted in the collection of nearly $4 million for redress to 6,000 consumers, many of whom lost their homes or were on the brink of foreclosure after enrolling with Prime Legal.

Along with law enforcement partners in 28 states and 10 countries, the FTC announced 191 actions to stop fraudulent operations promising timeshare property resale services and travel-related prizes. The resellers lured timeshare property owners into paying sizable fees up-front with false claims that they had interested buyers ready to pay top dollar for the properties. There were no buyers, and the property owners lost hundreds or thousands of dollars.



The FTC celebrated the 10th anniversary of the National Do Not Call Registry with the announcement of a settlement with a record fine of $7.5 million levied against Mortgage Investors Corp. The FTC charged the company with calling more than 5.4 million U.S. service members and veterans whose phone numbers were on the Do Not Call Registry. The FTC said the telemarketers pretended to be affiliated with the Dept. of Veterans Affairs, and pitched low-interest, fixed-rate mortgages at no cost when they really were offering adjustable-rate mortgages where the payments would increase as interest rates went up.

The Commission secured a $3.2 million civil penalty against Expert Global Solutions, Inc., the world's biggest third-party debt collector, for violating the FDCPA and the FTC Act. According to the complaint, the company, which did business as NCO among other names, used harassing collection calls, disclosed consumers' debts to third parties, and continued their collection efforts without verifying debts even after people denied owing the debts.

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Enforcing Orders

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

In 2013, the Commission obtained a contempt order and $20.1 million judgment against Glen Burke and his company for running a deceptive sweepstakes scheme. The defendants took money from consumers by falsely promising valuable prizes. Another defendant under order, Paul Navestad, was found liable for civil contempt for failing to pay $20 million in civil penalties and $1.1 million in disgorgement. The court issued a warrant for his arrest and ordered that he be imprisoned until he satisfies his payment obligations. Kevin Trudeau, the infomercialist, was held in civil contempt three times in 2013 for failing to comply with an order that he repay a total of $37.6 million to more than 800,000 people who had bought his book about so-called weight loss cures. The Court placed Trudeau's assets into a receivership to benefit his victims and jailed Trudeau to force him to comply with the court orders.

Trudeau also was prosecuted for criminal contempt. When FTC action alone cannot stop the worst offenders, the Commission uses its Criminal Liaison Unit (CLU) to work with criminal law enforcement partners to protect the nation's consumers. FTC staff worked with the U.S. Attorney's Office in the Northern District of Illinois to prosecute Trudeau for lying about the contents of his book, in violation of a

prior court order. After a jury found Trudeau guilty, the court sentenced him to a 10 year prison sentence. The CLU program had a number of other successes in 2013, helping prosecutors win 71 criminal convictions, with cumulative prison sentences of more than 207 years.

Criminal Liaison Unit

Complementing the Commission's order enforcement program are its efforts to collect the judgments it obtains. In 2011, a federal court entered judgment for full restitution — $4.2 million — and imposed a complete telemarketing ban against Fred Khalilian. Khalilian pleaded poverty and refused to pay any of the judgment. The Commission investigated and found security footage from a luxury car dealer showing him wiring $325,000 in cash to pay for a Bentley sedan, and bank surveillance footage of him using an ATM to deposit $1.6 million. The FTC collected the entire judgment and is using it for redress. In addition, the Commission has collected $13 million of the $15 million litigated judgment it obtained against Jared Wheat and his company, National Urological. In the last year alone, the agency collected $6 million from garnishments at more than 20 different banks and the forced sale of Wheat's property. The money will be returned to the victims of Wheat's scams. In 2011, the Commission obtained a litigated $3.7 million contempt judgment against EDebitPay and Dale Cleveland, its owner. After the agency obtained writ of execution to sell his Beverly Hills mansion, the defendant paid the judgment in full. These funds also will be returned to the consumers who fell victim to the scam. In addition, the FTC's Bankruptcy Unit handled 25 cases in 2013, preserving more than $560 million in judgments from discharge in bankruptcy. In one example, relief defendant Readers Digest Association filed for Chapter 11 bankruptcy and defaulted on $8.7 million in consumer redress payments it owed to the Commission under a 2012 consent order. The default triggered a judgment against the company, one of its bankrupt subsidiaries and one of its former non-bankrupt subsidiaries. Negotiated settlements with the defaulting parties resulted in a $4 million recovery.

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Policy

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

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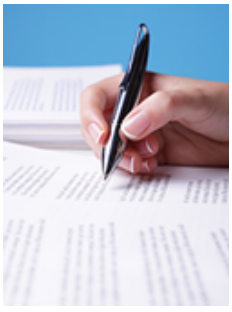
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In addition to conducting an aggressive enforcement program, the agency files advocacy comments; files amicus briefs to aid in court deliberations; gives Congressional testimony; solicits and reviews public comments regarding rules, cases, and policies;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

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Advocacy Comments

The Commission continues to provide guidance and recommendations to policy makers on how best to incorporate competition principles into regulatory decision-making. In the health care area, staff issued advocacy comments to legislators in Connecticut, Illinois, and Massachusetts addressing scope of practice of non-physician health care professionals and collective bargaining by health care providers. The staff also submitted a comment to the American Dental Association's Commission on Dental Accreditation regarding proposed accreditation standards for Dental Therapy Education Programs.

The Commission has revisited a topic that was the focus of competition policy recommendations in the late 1980's: local taxicab regulations. The widespread use of smartphones is transforming local markets for passenger vehicle transportation services. For instance, in written comments to the District of Columbia Taxicab Commission (DCTC), FTC staff noted that recent DC legislation appears designed to facilitate new and beneficial forms of competition for the services, but expressed concern that some of the subsequent rules proposed by DCTC may unnecessarily impede competition. The staff comments recommend that DCTC avoid unwarranted regulatory restrictions on competition, and that any regulations should be no broader than necessary to address legitimate public safety and consumer protection concerns.

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Amicus Briefs

The Commission submits amicus briefs when appropriate to encourage legal developments that permit robust law enforcement for the benefit of consumers. For instance, the Commission filed an amicus brief in a private case to address the application of the Supreme Court's recent ruling in *FTC v. Actavis* to a patent settlement containing a "no-authorized-generic" commitment. The Commission also has filed amicus briefs regarding the Fair Debt Collection Practices Act in several private cases, including *Delgado v. Capital Management Services, LP* in which the Seventh Circuit held that it is unlawful for collectors to lead consumers to believe that they can face legal action for a debt even though the statute of limitations for suing to collect has expired.

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Congressional Testimony

Congressional panels often ask FTC Commissioners and staff to testify about the agency's activities and to provide expertise on topics related to consumer protection and business competition. Whether the subject is data brokers or robocalls, standard essential patents or the availability of generic drugs, or old-fashioned fraud against service members or older consumers, testimony given on behalf of the Commission shines a light on issues of importance to our nation's lawmakers and consumers. See testimony offered during 2013 — and for the statements offered by our Commissioners and staff.

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Workshops and Public Forums



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

During 2013, the agency hosted a series of consumer protection events dealing with various aspects of technology, from mobile security issues and mobile cramming to the Internet of Things and online native advertising. In February 2014, the Commission held a workshop to explore competition issues involving biologic medicines and follow-on biologics. Biologic medicines comprise the fastest-growing sector of pharmaceuticals and target such difficult-to-treat diseases as cancer, diabetes, and multiple sclerosis. Workshop presentations were provided by a wide range of experts in the research, development, commercialization and sale of biosimilar and interchangeable follow-on biologic medicines. Two panels discussed how state regulations may impact competition of follow-on biologics and how naming conventions may impact competition of follow-on biologics. View the complete FTC event calendar.

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Reports



Commission and staff reports synthesize information from divergent viewpoints in an effort to offer insights into FTC policy and often, a roadmap to enforcement actions. During 2013, these reports provided examinations into hot topics in a variety of industries, from online advertising to data integrity in debt collection. Indeed, our 2013 revision of Dot Com Disclosures underscores the fact that regardless of the platform or device consumers use to view ads, well established truth-in-advertising principles apply. See reports issued during the year on mobile payments and transparency in mobile privacy disclosures, as well as competition issues.

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Legal Services Collaboration

The FTC's innovative Legal Services Collaboration enables us reach out to community-based organizations throughout the nation to learn about consumer protection problems affecting low wage earners — people who are often underserved. These partnerships inform our law enforcement priorities and the development of consumer education in new styles and a variety of languages; they also allow us to provide information quickly to legal services providers who in turn, help alert local communities about scams. The FTC also provides training for legal services providers, and develops resources to support their work. For example, staff worked with the National Council of American Indians to write and design resources for tribal leaders to use through the Native Financial Education Coalition (NFEC). FTC staff now serves on NFEC's Advisory Council. In April 2013, we released a video on how pro bono lawyers can help victims of identity theft.

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International Partners Collaboration

With over 130 jurisdictions enforcing competition laws, the FTC continues to lead efforts to develop strong mutual enforcement cooperation and sound policy with its international partners. We continue to strengthen cooperation and coordination with agencies to reach compatible results on cases of mutual interest, such as Thermo Fisher/Life Technologies, in which the FTC recently cooperated with antitrust agencies in nine jurisdictions to reach consistent results. We also work to develop improved tools to facilitate cooperation. This year, FTC and Department of Justice Antitrust Division staff jointly released a model waiver of confidentiality that is designed to streamline the waiver negotiation process, facilitating deeper communication between cooperating agencies. During the past year the FTC held bilateral meetings with key partners, including competition agencies in the EU, Canada, Mexico, Japan, China and India, and continued to play a lead role in the International Competition Network, including co-leading the Agency Effectiveness Working Group and its Investigative Process Project.



In the consumer protection area, the FTC continues to focus on combatting cross-border consumer fraud. This year, the FTC, with the help of counterparts in Canada, Slovakia, and Austria, brought an action against a notorious multi-million dollar international business directory scam in FTC v. Construct Data. Building on the FTC's work with African consumer agencies, the FTC signed a memorandum of understanding with Nigeria's Consumer Protection Council and its Economic and Financial Crimes Commission.

The FTC also continued its leading role in international discussions of data privacy issues. It advocated for global interoperability and strong privacy enforcement in the OECD, which issued new privacy guidelines in July, and in the APEC, which continued to develop a cross-border privacy rules system. The FTC, with the Department of Commerce, also engaged in discussions with the European Commission on improving the U.S.-EU Safe Harbor Framework while vigorously enforcing the existing framework by bringing 13 new actions alleging Safe Harbor violations. The FTC strengthened its enforcement cooperation, signing two new MOUs, one with Ireland's Office of the Data Protection Commissioner and another with the United Kingdom's Information Commissioner's Office, and participating in the Global Privacy Enforcement Network's privacy enforcement sweep by sending warning letters to 10 data broker companies about possible violations of the Fair Credit Reporting Act.

Continuing its robust program of international competition and consumer protection technical assistance, the Commission conducted 43 missions in 27 countries, including China, Colombia, India, Russia, South Africa, and Vietnam. In addition, through its innovative International Fellows program, the FTC hosted 10 consumer protection and competition officials from nine countries.

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Annual Highlights 2013

Education

Acting on the belief that enforcement and education are the one-two punch behind the most effective programs to promote competition and protect consumers, the FTC seeks to alert businesses from Wall Street to Main Street to compliance standards, and to alert consumers to the tell-tale signs of fraud and deceptive business practices. Most education campaigns relate to law enforcement actions; others deal with issues like identity theft and online safety and security. Our campaigns successfully use the media, the web, and thousands of interested intermediaries to disseminate important information.

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First-Ever Military Consumer Protection Day

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Introduction



In 2013, the FTC published 125 blog posts for business people and attorneys, and 222 blog posts for consumers. Posts about tech support scams, phantom debt, and phishing emails were among the most popular. More than 25,000 people subscribe to business blog updates, and more than 40,000 subscribe to Penn Corner, the FTC's monthly newsletter. In addition, the FTC released Gut Check: A Reference Guide for Media on Spotting False Weight Loss Claims, information for mobile app developers, information about complying with the Risk-Based Pricing Rule; and to help marketers comply with the revised Children's Online Privacy Protection Act Rule in a timely way, the agency released COPPA: A Six-Step Compliance Plan for Your Business, a series of questions and answers about the rule, and a video.

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Competition Matters Blog

The FTC debuted its newest blog for all things competition, with insights, news, and events from the Bureau of Competition, the Bureau of Economics, the Office of Policy Planning, and the Office of International Affairs.

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Search Engine Guidance Letters

As part of the Commission's continuing effort to ensure its guidance for online advertisers is current with changes in digital media, FTC staff sent letters to seven general-purpose search engine companies and 17 specialized search engine companies updating them on our expectations about distinguishing paid search results and other forms of advertising from natural search results. The updated guidance emphasized the need for visual cues, labels and other techniques to help avoid misleading consumers, and it recommended ways to make sure disclosures used to identify advertising are noticeable and understandable to consumers.

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First-Ever Military Consumer Protection Day

The FTC gathered a team of organizations to produce the first Military Consumer Protection Day. Held in July 2013, the Department of Defense, Consumer Financial Protection Bureau, and Military Saves joined the FTC to lead the effort to empower military and veterans' communities with information about managing money, protecting personal information, and avoiding scams. Two dozen other federal and state agencies, consumer advocates, and industry groups also were partners.



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Online Safety Videos



The FTC manages OnGuardOnline.gov, a campaign by 16 federal agencies to encourage safety, security and responsibility online. In February 2013, OnGuardOnline.gov released a series of four videos: *Using Public Wi-Fi Networks*, *Computer Security*, *Online Shopping Tips* and *Protect Your Computer from Malware*.

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Weather Emergencies

In 2013, we published new information to help people prepare for, deal with, and recover from weather emergencies. The FTC's materials help people protect their property, personal information and finances from scammers who use weather emergencies to cheat people in a variety of ways, including through fraudulent fundraising.

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Stats & Data 2013

Stats & Data 2013

JANUARY - DECEMBER 2013
FEDERAL TRADE COMMISSION

COMPETITION

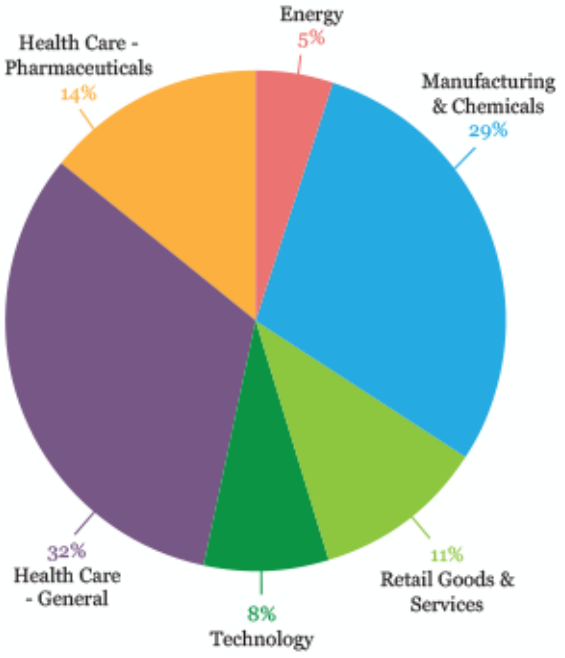
ANTITRUST ENFORCEMENT

Merger Consent Orders	13
Filed Merger Cases	3
Abandoned Transactions	1
Non-Merger Actions	5
Civil Penalty Actions	2

POLICY INITIATIVES

Workshops	1
Reports	8
Advocacy & Amicus Briefs	18

Enforcement Actions by Sector
Fiscal Years 2009-2013



CONSUMER PROTECTION

ACTIONS FILED

Administrative	23
Federal	43
Civil Penalty	13

ORDERS OBTAINED

Administrative	29
Redress, Disgorgement, & Permanent Injunction	91
Civil Penalty	14
Civil Contempt	3

POLICY INITIATIVES

Workshops & Conferences	10
Rulemakings Completed	3
Reports	8

TOTAL AMOUNT OF REDRESS & DISGORGEMENT ORDERED: $297 million

TOTAL AMOUNT OF CIVIL PENALTIES ORDERED: $20 million

Top 5 Redress Judgments*

- Ivy Capital $134 MIL
- Pro Credit Group $25.3 MIL
- Glen E. Burke $20.2 MIL
- Information Management Forum $17 MIL
- American Tax Relief $15 MIL

Top 5 Civil Penalty Cases*

- Mortgage Investors Corporation of Ohio $7.5 MIL
- National Fidelity Information Services $3.5 MIL
- NCO Group $3.2 MIL
- Time Warner Cable $1.9 MIL
- National Attorney Collection Services $1 MIL

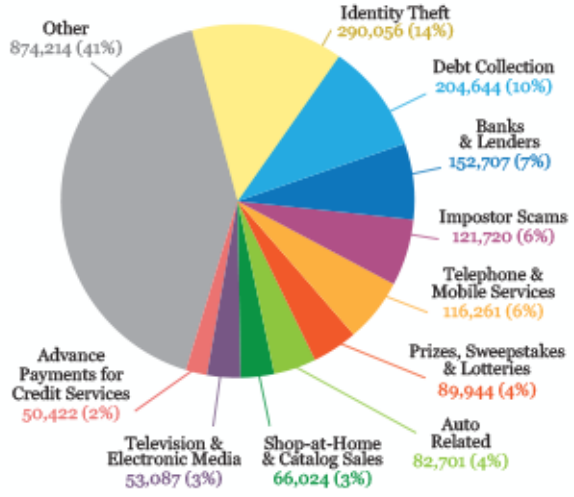
*Does not include amounts suspended by the court based on inability to pay; any default judgments are included.

767,744 consumers received redress totaling over **$23.27 MILLION**

COMPLAINTS

Top Consumer Complaint Categories

(does not include Do Not Call Registry complaints)



OUTREACH



8,511 new likes on facebook

10,480 new twitter followers

893 new YouTube subscribers

Most Popular Tweet:

Updated FAQs to help keep your company #COPPA-compliant: go.usa.gov/TNV9 #privacy

Most Popular YouTube Video:



Stand Up To Cyberbullying