



VETERANS EDUCATION SUCCESS®

April 27, 2021

The Honorable Maria Cantwell, Chair
The Honorable Roger Wicker, Ranking Member
Committee on Commerce, Science, and Transportation
U.S. Senate
Washington, D.C. 20510

The Honorable Frank Pallone, Jr. Chairman
The Honorable Cathy McMorris Rodgers, Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Re: Call to update Federal Trade Commission's enforcement tools under FTC Act, Section 13(b)

Dear Chairs Cantwell and Pallone and Ranking Members Wicker and McMorris Rodgers:

We represent servicemembers, veterans, and their families and are writing to convey our strong support for legislative action to ensure that the U.S. Federal Trade Commission (FTC) has the full range of equitable authority to curb unfair, deceptive, fraudulent and anticompetitive acts and practices, particularly under section 13(b) of the Federal Trade Commission Act. That's why we endorse H.R. 2668, the "Consumer Protection and Recovery Act."

Active duty and reserve servicemembers, family members, survivors, and veterans are frequent targets of deceptive and fraudulent activities. Holly Petraeus, former head of the Office of Servicemember Affairs at the Consumer financial Protection Bureau, said this happens because "[i]n this uncertain world, [scammers] get an absolutely guaranteed paycheck".¹ We urge you to amend the FTC Act to ensure the FTC can seek injunctive as well as monetary and equitable remedies for violating these important consumer protection provisions.

Over the last four years, the FTC has logged over 378,000 complaints from veterans. Over 24,000 of those reported a loss, with total losses of \$205 million. Veterans had a median loss of \$755 and active duty servicemembers who reported a median loss of \$500 over the same period.²

In recent years the FTC has protected the interests of servicemembers, the reserve component, their families, survivors and veterans in important actions, including:

- In 2019, the FTC recouped \$191 million for students – many of them servicemembers and veterans – who had been deceived by deceptions by the University of Phoenix about its

¹ Debra O'Connor, Watchdog: Military Members at Special Risk For Scams, *St. Paul Pioneer Press* (2015), <https://www.twincities.com/2012/11/10/watchdog-military-members-at-special-risk-for-scams/amp/> (last accessed April 26, 2021).

² Available at: https://www.consumer.ftc.gov/blog/2020/11/veterans-and-imposter-scams-0?utm_source=govdelivery (last accessed April 25, 2021).



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graduates' employment prospects. The agreement brought \$141 million in debt forgiveness and \$50 million in cash payments through the FTC's use of 13(b) authority.³

- Also in 2019, the FTC delivered \$30 million in consumer redress for students – many of them veterans – who were lured to Career Education Corporation schools based on false pretenses.⁴
- In 2018, the FTC action shut down scam “military” websites that targeted patriotic Americans seeking to join the U.S. Armed Forces but then steered them away from military service and into for-profit colleges. With domain names like “Army.com,” “NavyEnlist.com,” and “Air-Force.com,” these websites appeared to be official military recruiting pages. Because the U.S. Armed Forces are all volunteer, these websites also interfered with military readiness by siphoning away military recruits. The FTC's settlement included penalties under section 13(b) of the FTC Act.⁵
- In 2017, the FTC forced accurate disclosures on “military-friendly” rankings of colleges and universities that allegedly functioned as a “pay to play” scheme that deceived tens of thousands of veterans.⁶
- In 2016, the FTC recouped \$100 million (roughly half cash and half debt relief) to students – many of them veterans and military students – who were misled by Devry University's false claims about job prospects and job placement in its advertisements.

Each of these FTC actions were extremely important to the veterans and military community, as reflected in the attached letters from dozens of veterans and military service organizations.⁷ It is not clear that any of these FTC actions, which compel critical things like student debt relief and revocation of taxpayer subsidies, and which serve to protect hard-earned military benefits, would have been possible without the FTC's powers under section 13(b).

Last year the FTC's Consumer Protection Data Spotlight found that active duty servicemembers are 76 percent more likely than other adults to report that an identity thief misused existing accounts, such as a

³ Statement of Commissioner Rohit Chopra, *In the Matter of University of Phoenix Commission File Number 1523231* (December 10, 2019), available at: https://www.ftc.gov/system/files/documents/public_statements/1557180/152_3231_statement_of_commissioner_rohit_chopra_0.pdf (last accessed April 25, 2021). *See also* https://www.ftc.gov/system/files/documents/cases/de_15_stipulated_order_for_permanent_injunction_and_monetary_judgment.pdf (last accessed April 26, 2021).

⁴ FTC Press Release, “Operator of Colorado Technical University and American InterContinental University Will Pay \$30 Million to Settle FTC Charges it Used Deceptive Lead Generators to Market its Schools” (August 27, 2019), available at: <https://www.ftc.gov/news-events/press-releases/2019/08/operator-colorado-technical-university-american-intercontinental> (last accessed April 25, 2021).

⁵ Andrew Kreighbaum, FTC Shuts Down Scam Military Websites, *Inside Higher ED* (2017), <https://www.insidehighered.com/quicktakes/2018/09/07/ftc-shuts-down-scam-military-websites> (last accessed April 26, 2021); https://www.ftc.gov/system/files/documents/cases/sunkey_proposed_order.pdf?utm_source=govdelivery (last accessed April 26, 2021).

⁶ Andrew Kreighbaum, Crackdown on ‘Pay to Play’ for ‘Military-Friendly’ Colleges, *Inside Higher Ed* (2018), <https://www.insidehighered.com/news/2017/10/20/ftc-settlement-says-rankings-military-friendly-colleges-were-deceptive-promotions> (last accessed Apr 26, 2021).

⁷ Available at: <https://vetsedsuccess.org/our-letter-to-ftc-regarding-fake-military-recruiting-websites/> (last accessed April 27, 2021)



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bank account or credit card.⁸ This is an absolutely critical problem because foreign state and non-state actors are constantly attempting to impersonate American military personnel. Identity theft leading to financial hardship can also result in the loss of a security clearance and ultimately result in unemployment for military personnel. The FTC's 13(b) authority has helped bring these victims some measure of justice and a step closer to recovery.

It is crucial that Congress act to protect American servicemembers, the reserve component, their families, survivors, and veterans before emboldened scam artists try to cheat them out of their hard-earned benefits.

Sincerely,

Veterans Education Success

⁸ FTC Press Release, "Active Duty Servicemembers are More likely to Report Identity Theft than Other Adults, New FTC Data Shows" (May 21, 2020), available at: <https://www.ftc.gov/news-events/press-releases/2020/05/active-duty-servicemembers-are-more-likely-report-identity-theft> (last accessed April 26, 2021).