



VETERANS EDUCATION SUCCESS®

April 26, 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."

The active duty and reserve servicemembers, family members, survivors, and veterans that we represent are frequent targets of deceptive and fraudulent activities. 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.¹

In recent years the FTC has protected the interests of servicemembers, the reserve component, their families, survivors and veterans in important actions. In 2017, it forced Victory Media, the owner of a website whose "military-friendly" rankings of colleges and universities allegedly functioned as paid advertisements for institutions, to disclose that its rankings are paid endorsements.² The FTC also entered into a record \$191 million settlement with the University of Phoenix for lying during a marketing campaign that promised consumers a career fast-track to "partner" companies like Microsoft and Twitter

¹ Available at: https://www.consumer.ftc.gov/blog/2020/11/veterans-and-imposter-scams-0?utm_source=govdelivery (last accessed April 25, 2021).

² 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).



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when in fact no such partnerships existed. That FTC order returned millions of dollars to students who had been defrauded, many of them servicemembers and veterans using Department of Defense and Department of Veterans' Affairs education benefits, through the use of 13(b) authority.³

Earlier in 2019 the FTC brought an enforcement action against Career Education Corporation for recruiting students who were lured to the school based on false pretenses.⁴ That FTC action resulted in a \$30 million settlement.⁵ An earlier FTC action shut down several websites that targeted people looking to join the armed services and then used their personal information to market for-profit colleges. The websites used domain names like army.com, armyenlist.com, and air-force.com and appeared to be official recruiting pages. That settlement included penalties under section 13(b) of the FTC Act.⁶

In 2016 FTC entered into a \$100 million settlement with Devry University, an action that again benefited many students using Department of Defense and Department of Veterans' Affairs education benefits.

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 bank account or credit card.⁷ 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.

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 *Id.*

⁶ 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).

⁷ 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).



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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,

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