

Federal Trade Commission



**Fiscal Year 2013
Congressional Budget Justification**



THE CHAIRMAN

FEDERAL TRADE COMMISSION

WASHINGTON, D.C. 20580

February 13, 2012

The Honorable Jo Ann Emerson
Chairman
Subcommittee on Financial Services and
General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard J. Durbin
Chairman
Subcommittee on Financial Services and
General Government
United States Senate
Washington, DC 20510

Dear Chairmen Emerson and Durbin:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2013 budget request.

The FTC's FY 2013 budget requests a program level of \$300,000,000 and 1,186 full-time equivalent (FTE) positions. This is a decrease of \$11,563,000 over the current level for FY 2012. As the justification materials describe, this budget will permit the FTC to continue to meet the increasing challenges of its goals to Protect Consumers and Maintain Competition.

By direction of the Commission.


Jon Leibowitz
Chairman

TABLE OF CONTENTS

Budget Request

Budget Request Summary	2
Summary of Changes	3
Fiscal Year 2013 Overview Statement	5

Performance Plan

Budgeted Resources by Objective.....	42
Objectives by FTE.....	43
Annual Performance Measures: Fiscal Years 2010 to 2013	44
Annual Performance Measures: Historical	49
Strategic Goal 1: Protect Consumers	53
Strategic Goal 2: Maintain Competition	69
Strategic Goal 3: Advance Performance	81

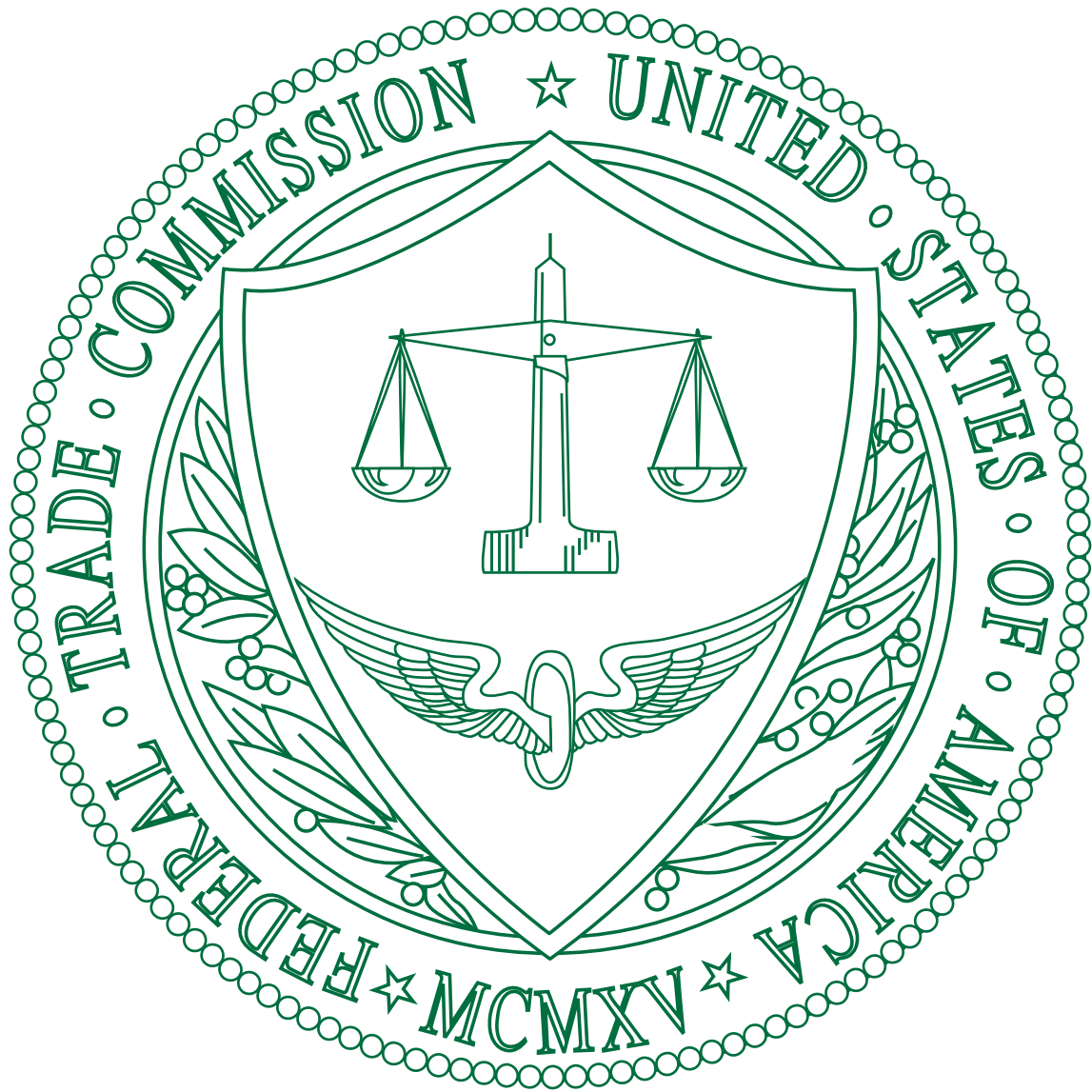
Descriptions

Protect Consumers.....	91
Maintain Competition	105
Support	117

Additional Budget Exhibits

Proposed Appropriations Language.....	135
Program and Financing	136
Object Classification	137
Personnel Summary.....	138
Inspector General's Request	139

Budget Request



Budget Request Summary
(\$ in thousands)

	Fiscal Year 2012		Fiscal Year 2013		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Budget by Goal:						
Protect Consumers	638	\$175,752	642	\$169,517	4	-\$6,235
Maintain Competition	538	135,811	544	130,483	6	-5,328
Total	<u>1,176</u>	<u>\$311,563</u>	<u>1,186</u>	<u>\$300,000</u>	<u>10</u>	<u>-\$11,563</u>
Budget by Funding Source:						
Offsetting Collections						
HSR Filing Fees		\$108,000		\$117,500		\$9,000
Do Not Call Fees		21,000		19,000		-2,000
Subtotal Offsetting Collections		<u>\$129,000</u>		<u>\$136,500</u>		<u>\$7,000</u>
General Fund		<u>182,563</u>		<u>163,500</u>		<u>-18,563</u>
Total		<u>\$311,563</u>		<u>\$300,000</u>		<u>-\$11,563</u>

Summary of Changes
(\$ in thousands)

	FY 2012	FY 2013	Change
Budget Authority	\$311,563	\$300,000	-\$11,563
Full-time Equivalents	1,176	1,186	10

	FTE	Dollars
Explanation of Change:		
A. Decrease		
Decrease in costs associated with replacement of the 601 New Jersey building.	---	-\$25,500
B. Mandatory Expenses		
Upward grade classifications pursuant to 5 C.F.R. 531.401 et seq.	---	\$2,889
Contract and other non-pay inflation.	---	\$4,048
Subtotal	---	\$6,937
C. FTE Increases		
Protect Consumers	+ 4	\$600
Maintain Competition	+ 6	\$900
Subtotal	+ 10	\$1,500
D. Non-FTE Program Needs:		
Protect Consumers: Ongoing operations and increased demand of the Sentinel Network Services, which includes the National Do Not Call Registry, the FTC's Consumer Response Center, and the Consumer Sentinel Network.	---	\$500
Agency-wide Streamlining Efforts: Needed technology improvements to mission critical systems.	---	\$5,000
Subtotal	---	\$5,500
Total Change	+ 10	-\$11,563

Federal Trade Commission Fiscal Year 2013 Overview Statement

The Federal Trade Commission (FTC) is the only federal agency with jurisdiction to protect consumers and maintain competition in broad sectors of the economy. It enforces laws that prohibit business practices that are anticompetitive, deceptive, or unfair to consumers, and seeks to do so without impeding legitimate business activity. The FTC also educates consumers and businesses to encourage informed consumer choices, compliance with the law, and public understanding of the competitive process. Through enforcement, advocacy, education, and policy work, the FTC protects consumers and promotes competitive markets both in the United States and around the world.

Highlights of FY 2011 Accomplishments

In fiscal year (FY) 2011, the FTC took action on a wide variety of significant consumer protection and competition matters. The highlighted actions, detailed below, helped ensure that businesses and consumers alike reaped the full benefits of market competition and product innovation.

PROTECT CONSUMERS

This fiscal year, the FTC has emphasized protecting consumers during the economic downturn; protecting consumer privacy, data, and computer security; prosecuting false or deceptive health and environmental claims; and protecting children in the marketplace. The Commission also focused on telemarketing, payment systems, prepaid phone cards, mobile communications, immigration services, and auto financing.

In FY 2011, the FTC filed 83 new complaints in federal district court and obtained 90 permanent injunctions and orders requiring defendants to pay more than \$218 million in consumer redress or disgorgement of ill-gotten gains, as well as 3 civil contempt orders of more than \$5 million. In addition, cases referred to DOJ resulted in 6 court judgments for civil penalties of more than \$9.5 million. Furthermore, the FTC filed 22 new administrative actions and obtained 18 administrative orders in past and new cases.

During the same timeframe, the Commission completed 6 rulemakings, issued 9 reports, released 60 new consumer and business education publications, released 26 consumer and business education videos and audio PSAs, and launched 7 consumer and business education websites and microsites.

Protecting Consumers During the Economic Downturn

As more consumers face financial challenges, scammers have seized upon new schemes to take advantage of those most affected by the economic downturn. This fiscal year the Commission has continued to work aggressively to protect consumers in this troubled economy, partnering with other federal and state authorities to maximize its efforts to halt fraudulent practices.

- **Deceptive Mortgage Practices:** In May 2011, First Universal Lending, LLC and its owners settled charges that they deceived distressed homeowners, and a federal court permanently banned them from the mortgage modification business and ordered them to pay nearly \$19 million for consumer refunds.

In addition, in November 2010, the FTC announced a series of law enforcement actions as part of the Commission's continuing crackdown on scams that target homeowners behind in their mortgage payments or facing foreclosure. Examples of these cases include *Residential Relief Foundation*, in which the Commission charged the defendants with falsely promising consumers who were behind on their mortgage payments that they would negotiate with consumers' lenders to obtain more affordable payments, and *Dinamica Financiera*, in which the FTC charged the defendants with falsely promising Spanish-speaking consumers that they would stop foreclosure or obtain mortgage loan modifications. In *Dinamica Financiera*, the court entered summary judgment of more than \$5 million. Additionally, in August 2011, the Commission announced that it had put an end to three schemes - Truman Foreclosure Assistance, LLC, Fedmortgageloans.com, and Making Home Affordable - that it had charged with falsely claiming that they would help consumers with their mortgage and debt problems and they were affiliated with government assistance programs. Settlement orders with the operators behind Truman Foreclosure Assistance, LLC require them to pay \$1.8 million.

To further combat this type of fraud, in December 2010, the FTC issued the Mortgage Assistance Relief Services Rule, which, as of January 31, 2011, bans mortgage relief companies from collecting fees until homeowners have received and accepted a written offer of mortgage relief from their lender or servicer. The Rule also requires mortgage relief companies to make certain disclosures and prohibits them from making false or misleading claims. In July 2011, the FTC issued a new rule strengthening existing protections for consumers, and strengthening the FTC's and states' enforcement tools, by

banning deceptive claims about consumer mortgages in advertising or other types of commercial communications. The Mortgage Acts and Practices - Advertising Rule is designed to create a level playing field for legitimate businesses to compete in the marketplace.

- **Deceptive Work-at-Home, Job Scams, Business Opportunities, and Related Schemes:** In March 2011, the Commission announced Operation Empty Promises, a multi-agency initiative targeting job scams, business opportunity fraud, and bogus work-at-home opportunities. The sweep involved 90 enforcement actions brought by federal and state law enforcement agencies. The FTC charged Ivy Capital, Inc. and 29 others with taking more than \$40 million from consumers who believed that the company's fraudulent products and services would help them start their own Internet businesses. The Commission also filed a complaint against National Sales Group, alleging that the defendants deceived consumers into paying for their employment goods and services by creating a false impression that they were hiring workers themselves, or were recruiters affiliated with potential employers. The FTC alleged that these defendants caused nearly \$8 million in consumer injury.

In May 2011, the Commission charged Russell Dalbey, the CEO and founder of the company behind the "wealth-building" program "Winning in the Cash Flow Business," with defrauding consumers — in some cases out of thousands of dollars — with phony claims that they could make large amounts of money quickly and easily by finding, brokering, and earning commissions on seller-financed promissory notes. That same month, at the FTC's request, a federal judge halted American Precious Metals' telemarketing operation, which allegedly conned senior citizens into buying precious metals on credit without clearly disclosing significant costs and risks, including the likelihood that consumers would have to pay more money or lose their investment. In addition, a federal judge ruled in favor of the FTC in May 2011 and banned Real Wealth, Inc. and its owner from marketing work-at-home or grant-related products and ordered them to pay \$10.4 million, the full amount of harm caused to thousands of consumers nationwide.

In October 2010, the marketers behind Google Money Tree were forced to stop operations and surrender more than \$3.5 million in assets to settle charges that they marketed a bogus work-at-home opportunity, falsely claimed their products were affiliated with Google, Inc., and charged hidden monthly fees to consumers' accounts.

- **Government Grants Scams:** In December 2010, the Commission took legal action against a far-reaching Internet enterprise involving 61 corporations, known as iWorks, that allegedly lured consumers into "trial" memberships for bogus government-grant and money-making schemes, and then charged

consumers monthly fees, causing more than \$274 million in consumer injury. In 2011, the FTC along with four state attorneys general shut down Grant Writers Institute LLC and several related entities, a fraudulent operation that allegedly took advantage of financially distressed consumers by falsely promising them a “guaranteed” \$25,000 grant from the federal government.

- **Timeshare Resales:** With the economic downturn, more consumers have attempted to sell their timeshares. Over the last three years, the number of complaints related to fraudulent timeshare resales has more than tripled. The FTC has brought multiple actions against companies that allegedly tricked timeshare owners seeking to sell their properties quickly. For example, in October 2010, the FTC sued and obtained preliminary relief against Timeshare Mega Media and Marketing Group, Inc., a telemarketing operation that allegedly scammed millions of dollars from property owners by falsely claiming that it had buyers ready and waiting to purchase their timeshares. Only after paying a hefty up-front fee did consumers learn that there were no buyers and it was nearly impossible to get a refund. In July 2011, in *National Solutions, LLC*, a federal court, at the request of the FTC, temporarily halted a telemarketing operation that allegedly made similar false claims about its ability to sell consumers’ timeshare properties.
- **Fake Sweepstakes:** In May 2011, the Commission filed two separate court actions against two different operations – VGC Corporation of America and Holiday Vacations Marketing Corp. – and their owners for allegedly tricking Spanish-speaking consumers into paying fees for vacation packages they supposedly won in contests, and then failing to provide the promised trips. The FTC also hosted a public workshop in May 2011, titled “‘Congratulations, You’re a Winner!’ – Lottery, Prize, and Sweepstakes Scams and the Role of Money Transfer Services,” to examine what more can be done to protect consumers from these and other scams that use money transfers through companies like MoneyGram and Western Union as the method of payment.
- **Unauthorized Charges and Debits:** In March 2011, the FTC charged Michael Bruce Moneymaker (also known as Bruce Moneymaker, Mike Smith, and Michael Bruce Millerd), Daniel De La Cruz, and their companies with obtaining consumers’ personal information from websites that claimed to match consumers with payday lenders and then enrolling consumers, without their consent, in worthless programs that charged recurring fees.
- **Debt Collection:** In 2010, as in other recent years, the FTC received more complaints about debt collection than any other single industry. In FY 2011, the FTC reached separate settlement agreements that imposed record civil penalties against two of the nation’s largest debt collectors. In October 2010, Allied Interstate, Inc. agreed to pay \$1.75 million in civil penalties to resolve

allegations that it continued collections efforts even after consumers told the company that they did not owe the debts, without verifying the accuracy of the disputed information. West Asset Management, Inc. agreed in March 2011 to pay a civil penalty of \$2.8 million, the Commission's highest civil penalty in a debt collection case, to settle FTC charges that its aggressive collection techniques violated federal law. In September 2011, a federal district court, at the FTC's request, halted an operation, Rumson, Bolling, & Associates, that allegedly subjected consumers to abusive debt-collection practices by, among other things, threatening consumers with physical harm and using profanity. The FTC also alleged that the company deceived the small business clients for whom it collects debts by keeping the money it collected from consumers.

The FTC hosted a workshop in April 2011 about the impact of technological advances on the nation's consumer debt collection system. The workshop, titled "Debt Collection 2.0: Protecting Consumers as Technologies Change," was attended by consumer advocates, industry representatives, technologists, academics, and government officials and explored how changing technology affects the ways in which debt collectors communicate with consumers and obtain and process information about consumers and debts.

- **Credit-Related Offers:** The Commission also took action in FY 2011 against a number of other operators preying on financially distressed consumers, offering "financial solutions" that never materialized. In October 2010, Nationwide Credit Services, Inc., a credit repair operation, agreed to a court order prohibiting it from making false claims and charging up-front fees to settle charges by the FTC. In *AFL Financial Services*, at the request of the FTC, a federal district court in November 2010 shut down an international robocall ring that allegedly conned consumers out of \$995 each with false promises that it would reduce their credit card interest rates, but provided little or nothing in return. In *Swish Marketing, Inc.*, payday loan marketers who operated a service matching borrowers with potential lenders agreed in March 2011 to pay \$800,000 and the proceeds from the sale of a house to settle FTC charges that they tricked hundreds of thousands of payday loan applicants into paying for an unrelated debit card. The FTC is in the process of distributing \$1.9 million of court ordered redress to the affected consumers. Additionally, the court granted the FTC's motion for summary judgment against the corporation and entered a judgment for \$4.8 million against it. In *Direct Benefits Group LLC*, at the request of the Commission, a federal court in July 2011 halted an online operation that allegedly debited consumers' bank accounts without their consent when consumers visited the defendants' websites seeking payday loans. In September 2011, the FTC also took action against Payday Financial, LLC, a payday lender that allegedly attempted to illegally garnish consumers' wages.

Debt and Tax Relief Services: An operation that did business under the names 800 Credit Card Debt and Debt.com and that falsely claimed it could eliminate consumers' debt was banned from the debt relief business and required to turn over proceeds from the sale of property under a November 2010 settlement agreement with the FTC. In December 2010, the Commission charged two debt relief operations, Debt Consultants of America, Inc. and Financial Freedom of America, Inc., with luring consumers into paying thousands of dollars in up-front fees by making unsubstantiated claims that they could reduce consumers' credit card debt. In April and May 2011, the Commission settled two actions that charged marketers Advanced Management Services and Dynamic Financial with deceptively claiming they could reduce consumers' credit card interest rates. The settlements permanently banned the defendants from selling debt relief services. In August 2011, the Commission announced that it settled charges against Debt Relief USA, Inc., a debt relief operation that allegedly lured consumers into paying thousands of dollars in up-front fees, but in most cases failed to reduce their credit card debts, and in many cases left them even deeper in debt. The proposed FTC settlement orders would permanently ban the company from doing further business, and ban the company's principals from marketing any financial products and services.

Since October 2010, consumers trying to settle their debts have been protected by a new rule that prohibits companies that sell debt relief services over the telephone from charging fees before settling or reducing a customer's credit card or other unsecured debt. The ban on advance fees reflects changes that the FTC made to its Telemarketing Sales Rule in July of 2010.

Privacy, Data Security, and Technology

Privacy, data security, and protecting consumers online are the core components of the FTC's consumer protection goal. New technologies bring vast benefits to consumers, but at the same time, they can provide new threats to sensitive consumer information.

- **Privacy:** Google Inc. agreed in March 2011 to settle FTC charges that it used deceptive tactics and violated its own privacy promises to consumers when it launched a social network, Google Buzz. In June 2011, the Commission finalized an order settling charges that online advertising company Chitika, Inc. tracked consumers' online activities even after they chose to opt out of such tracking on the company's website. In June 2011, Teletrack, Inc. agreed to pay \$1.8 million to settle FTC charges that it sold credit reports to marketers, in violation of the Fair Credit Reporting Act.

The Commission issued a preliminary staff report in December 2010 that proposes a framework to balance the privacy interests of consumers with

beneficial product and service innovations that rely on consumer information. The proposed report also suggests implementation of a “Do Not Track” mechanism to increase consumer control over the collection and use of online data.

- **Protecting Children Online:** In December 2010, EchoMetrix, Inc. settled FTC charges that it failed to adequately inform parents using its web monitoring software that information collected about their children would be disclosed to third-party marketers. In May 2011, Playdom, Inc. and a company executive, operators of 20 online virtual worlds, agreed to pay \$3 million to settle FTC charges that they violated the Children’s Online Privacy Protection Act (COPPA) Rule by collecting and disclosing personal information from hundreds of thousands of children under age 13 without their parents’ prior consent. This settlement is the largest civil penalty for a violation of the FTC’s COPPA Rule. In addition, in the FTC’s first case involving mobile applications, W3 Innovations, a developer of mobile apps including children’s games, agreed to pay \$50,000 to settle charges that it violated the COPPA Rule by collecting and disclosing personal information from tens of thousands of children under age 13 without their parents’ prior consent.

In September 2011, the Commission sought public comments on proposed revisions to the COPPA Rule. The FTC proposed the amendments to ensure that the Rule continues to protect children’s privacy, as mandated by Congress, as online technologies evolve.

- **Data Security:** In November 2011, the FTC approved a final order settling charges that Rite Aid failed to protect the medical and financial privacy of its customers and employees. In August 2011, the Commission finalized three settlements with companies that were reselling consumers’ credit reports without adequately protecting consumers’ data: SettlementOne Credit Corporation, ACRA.net, Inc., and Fajilan and Associates, Inc. In March 2011, the FTC finalized a settlement with social networking site Twitter, which resolved charges that Twitter deceived consumers and put their privacy at risk by failing to safeguard their personal information.
- **Identity Theft:** In March 2011, the FTC released the list of top consumer complaints received by the agency in 2010. The list showed that, for the 11th year in a row, identity theft was the number one consumer complaint category. In October 2010, the Commission released the Guide for Assisting Identity Theft Victims to help attorneys and victim advocates provide legal assistance to identity theft victims. The FTC and the Department of Justice’s Office for Victims of Crime hosted “Stolen Futures: A Forum on Child Identity Theft,” in July 2011. Representatives of government agencies, businesses, non-profits, legal service providers, and victim advocates explored the nature of child

identity theft, including foster care identity theft and identity theft within families, with the goal of advising parents and victims on how to prevent the crime and how to resolve child identity theft problems. In September 2011, the FTC released a new publication, “Protecting Your Child’s Personal Information at School,” advising parents how to limit the risks of identity theft.

Online Threats and Deception: In January 2011, in the *WinSoftware, Ltd.* case, an operator of an online “scareware” scheme agreed to pay more than \$8 million to settle FTC charges that he used deceptive ads to trick consumers into thinking their computers were infected with malicious software, and then sold them software to “fix” their non-existent problem. In another case in May 2011, the FTC brought a law enforcement action against Jesse Willms and 10 companies he controls. Willms’ online operation allegedly raked in more than \$450 million from consumers in the United States, Canada, the United Kingdom, Australia, and New Zealand by luring them into “free” or “risk-free” offers and then charging them for products and services they did not want or agree to purchase. A federal court halted the operation in September 2011.

Also in September, the FTC announced the new and improved OnGuardOnline.gov website. OnGuardOnline’s new features include a cybersecurity blog and information updates via e-mail. In addition, the FTC partnered with the Department of Homeland Security and other agencies in the Stop.Think.Connect. Campaign™ to raise awareness of the need for stronger cybersecurity with new approaches to help increase online safety and security.

- **Endorsements:** The Commission finalized an order in June 2011 under which Legacy Learning Systems, Inc., a company selling a popular series of guitar-lesson DVDs agreed to pay \$250,000 to settle FTC charges that it deceptively advertised its products through online affiliate marketers who falsely posed as ordinary consumers or independent reviewers.

Health Claims

The FTC places a high priority on preventing and stopping deceptive or unfair health claims.

- **Prevention and Treatment Claims:** As part of its ongoing efforts to stop bogus disease treatment claims, the FTC filed suit in October 2010 against Wellness Support Network Inc., an online marketer that allegedly deceived consumers with baseless claims that its supplements would treat and prevent diabetes. Also in October 2010, the Court of Appeals for the First Circuit upheld a decision in favor of the FTC that orders Direct Marketing Concepts,

Inc. and ITV Direct, Inc. to pay \$48.2 million for deceptively advertising dietary supplements. These supplements, “Supreme Greens” and “Coral Calcium,” were portrayed as being effective in treating and preventing serious diseases, including cancer. The FTC finalized an order in January 2011 settling charges that The Dannon Company, Inc. exaggerated the health benefits of its Activia yogurt and DanActive dairy drink, two popular products that contain beneficial bacteria known as probiotics. In May 2011, Oreck Corporation agreed to pay \$750,000 to settle charges that it falsely claimed that its vacuum and air cleaner can reduce the risk of flu and other illnesses, and eliminate virtually all common germs and allergens. In August 2011, the FTC brought its first cases targeting health claims in the mobile application marketplace. The FTC alleged that the marketers falsely claimed that their smartphone apps “AcneApp” and “Acne Pwner” could treat acne. The two settlements resolving these allegations bar the marketers from making certain health related claims without scientific evidence.

- **Weight Loss and Toning Claims:** In April 2011, the Commission requested that federal courts temporarily halt the allegedly deceptive tactics of 10 operations using fake news websites to market acai berry weight-loss products. According to the FTC, the Internet Marketers falsely claimed endorsement from ABC, Fox News, CBS, CNN, USA Today, and Consumer Reports. In August 2011, the Commission finalized a settlement requiring Nivea skin cream maker Beiersdorf, Inc. to stop claiming that regular use of its Nivea My Silhouette! skin cream can significantly reduce consumers’ body size. The company also agreed to pay \$900,000 as part of the settlement. Also in August 2011, the Second Circuit upheld summary judgment in the FTC’s favor in *Bronson Partners*, which involved deceptive weight loss claims for its teas.

The Commission announced in September 2011 that Reebok International Ltd. had agreed to pay \$25 million to resolve charges that the company deceptively advertised “toning shoes,” which it claimed would provide extra tone and strength to leg and buttock muscles.

- **Children’s Immunity and Brain Boosters:** In June 2011, the FTC finalized an order with NBTY, Inc., a major marketer of vitamins, for making false and unsupported claims that its Disney and Marvel Heroes line of children’s multivitamins contained a significant amount of DHA (docosahexaenoic acid, an Omega-3 fatty acid) and promoted healthy brain and eye development in children. As part of the settlement, NBTY, Inc. and its two subsidiaries agreed to pay \$2.1 million to provide refunds to consumers who purchased these multivitamins.
- **Caffeinated Alcohol Beverages:** In November 2010, the FTC sent warning letters to the promoters of Four Loko, Joose, Core Spiked, and other caffeinated

alcohol drinks. Citing incidents “suggesting that alcohol containing added caffeine presents unusual risks to health and safety,” the FTC letters warned that marketing of such beverages may constitute an unfair or deceptive practice that violates the FTC Act. In September 2011, Phusion Projects, LLC, the marketer of Four Loko, agreed to re-label and repackage the supersized, high-alcohol, fruit-flavored, carbonated malt beverage, to resolve Commission charges of deceptive advertising.

- **Contact Lenses:** The FTC reached a settlement with an Internet marketer Gothic Lens LLC and its manager in February 2011 that will put a stop to their alleged illegal practice of selling cosmetic contact lenses to consumers without prescriptions. The Commission reached a similar settlement in July 2011 with an Internet marketer and his company, Jakeshop USA, LLC, that put a stop to their alleged illegal practice of selling cosmetic contact lenses to consumers without prescriptions.

Protecting Children

In addition to its work related to children’s online privacy and child identity theft, the FTC continued to address issues related to marketing food to children, entertainment ratings, and online child safety.

- **Food Marketing and Child Obesity:** In an effort to combat childhood obesity, a serious health crisis facing today’s youth, Congress directed the creation of a working group consisting of the FTC and three other federal agencies. In April 2011, this working group released for public comment proposed voluntary principles that could be used by industry as a guide for marketing food to children.
- **Entertainment Ratings:** In April 2011, the FTC announced the results of its undercover shopper survey on enforcement of entertainment ratings. The survey found compliance worst for retailers of music CDs and the highest among video game sellers.
- **Online Child Safety:** In October 2010, the FTC unveiled a community outreach kit with new resources to help parents and communities keep kids safe online and on their mobile phones. In August 2011, the Commission announced a new publication, “Living Life Online”, that talks to tweens and teens about what they do online, and how the choices they make matter.
- **Underage Drinking:** In September 2011, the FTC launched that year’s “We Don’t Serve Teens” consumer education campaign, which warns of the hazards of underage drinking. The FTC and a coalition of private and public groups distributed education materials that support the legal drinking age

of 21 and emphasize that what parents know about underage drinking can make a huge difference in their children's future.

Environmental Marketing and Energy

Consumers are increasingly aware that their purchasing decisions can have an environmental impact. Marketers have responded and often use green claims to sell their products. In FY 2011, the Commission continued its focus on environmental marketing and ensuring that consumers have information about the energy use of products they purchase.

- **Green Claims:** The FTC approved a final order in February 2011 resolving allegations that a company doing business as "Tested Green" sold environmental certifications to businesses in exchange for money and not based on their environmental attributes, and misrepresented that its certifications were endorsed by two independent associations, which were actually owned and operated by Jeremy Ryan Claeys, the owner of Tested Green.

The Commission in October 2010 proposed revisions to the "Green Guides", the guidance that helps marketers avoid making misleading environmental claims. The proposed changes are designed to update the Guides to address claims that were not common during the last Guides review. The Commission is considering the public comments, which raised a number of complex issues.

- **Energy:** The FTC announced in November 2010 that three online retailers agreed to pay more than \$400,000 in penalties to settle Commission charges that they failed to post EnergyGuide information on their websites, which informs consumers about the energy use of major home appliances they sell. The FTC announced that it had also notified two other online sellers that it will seek a total of \$640,000 in fines from them, and in April 2011, one of those companies agreed to pay a \$100,000 penalty.

Starting in May 2011, a revised FTC rule required new televisions to display EnergyGuide labels so consumers shopping for TVs will have more information about different models and how much energy they use.

In June 2011, the FTC announced two new resources available to consumers to help them shop for light bulbs in a market with increasingly more efficient options. At ftc.gov/lightbulbs, a video and flyer explain how understanding lumens and the new Lighting Facts label will help shoppers compare bulbs.

Protecting Small Businesses and Nonprofits

At the FTC's request, a federal judge in July 2011 temporarily halted Yellow Page Marketing B.V. and related defendants, a European-based operation that allegedly bilked small businesses and nonprofit organizations out of millions of dollars by deceiving them into ordering and then paying for unwanted listings in online business directories.

Telemarketing

- **Do Not Call Violations:** In *Feature Films for Families, Inc.*, at the request of the FTC, the Department of Justice in May 2011 filed a complaint that charges three firms and their owner with waging deceptive and illegal telemarketing campaigns pitching movies and soliciting donations, including calls to more than 16 million phone numbers on the National Do Not Call (DNC) Registry. Also in May 2011, Electric Mobility Corp, the manufacturer of Rascal Scooters, used by disabled and senior consumers with limited mobility, agreed to pay \$100,000 to settle FTC charges that it illegally called millions of consumers who had chosen to avoid unwanted telemarketing calls by listing their phone numbers on the Registry.
- **Robocalls:** In November 2010, at the FTC's request, a U.S. district court approved a settlement shutting down JPM Accelerated Services and related defendants, telemarketers that allegedly flooded consumers with misleading pre-recorded robocalls falsely promising to reduce their credit card interest rates. Under a settlement reached by the FTC in January 2011, Fereidoun Khalilian agreed to be permanently banned from the telemarketing business in order to settle FTC charges that he and his company, The Dolce Group Worldwide, LLC, used pre-recorded robocalls to sell consumers auto service contracts.

Payment Systems, Prepaid Phone Cards, and Mobile Communications

- **Payment Systems:** At the request of the FTC, a federal court in October 2010 entered a judgment of more than \$3.6 million against Your Money Access, LLC, a payment processor, and its subsidiary, which allegedly debited consumers' bank accounts illegally on behalf of deceptive telemarketers.
- **Prepaid Phone Cards:** In May 2010, at the request of the FTC, a U.S. district court ordered a temporary halt to the deceptive advertising claims used to promote prepaid phone cards marketed by Millennium Telecard, Inc.
- **Mobile Communications:** The FTC asked a federal judge in February 2011 to shut down an operation run by Phil Flora that allegedly blasted consumers with millions of illegal spam text messages, including many messages that

deceptively advertised a mortgage modification website called “Loanmod-gov.net.” Under a settlement agreement with the FTC entered by a federal court in August 2011, the defendant was banned from sending any unsolicited text messages.

Immigration Services

In January 2011, the FTC brought a case against Immigration Center, one of several associated companies allegedly participating in a large Internet scam in which they masqueraded as a U.S. government website. At the request of the FTC, a federal judge in June 2011 shut down the operation of Manuel Alban and his wife Lola Alban for allegedly misrepresenting that it was authorized to provide immigration services.

Because immigrants with limited English language proficiency often are targeted by scammers who call themselves “immigration consultants” or “notarios,” or falsely claim that they are attorneys, the FTC developed education materials in English, Spanish, Chinese, and Korean. As part of the campaign, the FTC rolled out six new radio public service announcements in English, Spanish, and Mandarin Chinese that warn about illegal notarios and immigration consultants, and direct consumers to the materials on the FTC’s website.

Funerals

In July 2011, at the request of the FTC, DOJ charged that Carter Funeral Chapels, Ltd. and B.K. Henry Funeral Chapel, Inc. failed to provide consumers with price lists in violation of the Funeral Rule, which is designed to ensure that people have the information they need to compare prices and buy only the funeral services and goods they want.

Auto Financing

As part of its ongoing efforts to ensure that auto dealers’ financing practices comply with federal consumer protection laws, the FTC completed investigations of nearly 50 automobile dealers across the country to assess their compliance with the FTC’s Rule Concerning Preservation of Consumers’ Claims and Defenses, more commonly known as the “Holder in Due Course” Rule. The FTC’s investigations found broad compliance with the Rule among auto dealers.

In April 2011 and August 2011, the FTC hosted the first two of a series of roundtables around the country to gather information on consumers’ experiences when buying or leasing motor vehicles. The first roundtable focused on consumer protection issues related to sales and financing of consumer vehicles. The second roundtable focused on motor vehicle sales and financing issues pertaining to military consumers, fair lending, and financial literacy.

Business Compliance

In November 2010, the FTC announced a new Business Center at Business.ftc.gov that gives business owners, attorneys, and marketing professionals the tools they need to understand and comply with the consumer protection laws, rules, and guides the FTC enforces.

FTC Order Enforcement

The FTC continues to place a priority on aggressively enforcing its orders against repeat offenders. In February 2011, in *EdebitPay LLC*, a federal district court judge, at the FTC's request, ordered a deceptive online marketer of a "\$10,000 credit line" to pay more than \$3.7 million as part of a contempt action for violating a 2008 court order. The Commission in April 2011 filed contempt charges against Credit Restoration Brokers, LLC, a marketer of credit repair, debt relief, and food stamp services, alleging that the defendants continued their deceptive marketing practices in violation of a federal court order.

Aid to Criminal Law Enforcement

The FTC continues to refer particularly egregious violators to criminal law enforcement agencies for prosecution. In FY 2011, federal and state criminal authorities charged 33 defendants and their associates with crimes arising from acts investigated or prosecuted by the Commission. During this period, 27 such defendants and their associates were convicted or pled guilty, and 37 defendants were sentenced to prison terms. In February 2011, a federal judge imposed a nine-year prison sentence on a con artist who was charged by the U.S. Attorney for the Central District of California with defrauding elderly consumers by using phony claims about non-existent prizes and investments. In addition to imposing the prison sentence, the judge ordered the defendant, John Raymond Bezeredi, to pay \$4.6 million in restitution for the 4,500 consumers he defrauded. The FTC's Criminal Liaison Unit sent the case to the U.S. Attorney for criminal prosecution.

International Consumer Protection

In FY 2011, the FTC's Office of International Affairs (OIA) supported the FTC's consumer protection mission by assisting FTC investigators and litigators with investigations, litigation matters, and enforcement-related projects. OIA also continued to develop strong bilateral relationships with foreign consumer, privacy, and law enforcement authorities around the globe, and represented the agency in international organizations on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

In FY 2011, the FTC continued to use its authority under the Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders (U.S. SAFE WEB) Act of 2006 to cooperate with its foreign law enforcement counterparts in

investigations and enforcement actions involving Internet fraud and other technological trickery and deceptive schemes that victimize U.S. consumers. During the past year, the FTC added to its U.S. SAFE WEB scorecard by sharing information in response to nine requests from five foreign law enforcement agencies. It also issued 12 civil investigative demands on behalf of two foreign agencies in three investigations. In many of these cases, the foreign agencies investigated conduct that directly harms U.S. consumers. In others, the FTC's assistance has led to reciprocal assistance in other FTC investigations. Given the success of the U.S. SAFE WEB Act, the FTC will work with Congress to seek repeal of the Act's seven-year sunset provision before it expires in 2013.

In the international enforcement area, the FTC also developed new asset recovery mechanisms for fraud cases involving Canadian defendants to improve its ability to collect judgments obtained through joint law enforcement efforts. This initiative has led to better coordination between the FTC, the Competition Bureau Canada, and provincial asset forfeiture agencies in Canada on asset recovery issues. The FTC also stepped up its efforts to reduce Internet-related fraud by working with the FBI and foreign law enforcement agencies to craft measures to curb malicious Internet conduct that may arise from the expansion of the generic top-level domain (gTLD) space by the Internet Corporation for Assigned Names and Numbers (ICANN).

The FTC played a lead role in international organizations such as the Organization for Economic Cooperation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC) forum. Of particular note, in July 2010 the FTC hosted the launch of an OECD "consumer policy toolkit" addressing economic analysis for policymakers. By the end of FY 2011, the FTC also conducted 13 technical assistance missions for developing consumer protection and privacy agencies, of which 11 were funded by the FTC and the remainder by the U.S. Agency for International Development, for consumer protection agencies around the world, including regional seminars in Central America and Africa.

The FTC also continued to develop its International Fellows and Interns program, pursuant to authority in the U.S. SAFE WEB Act, which allows staff from counterpart agencies to work directly with the FTC on investigations and cases, subject to appropriate confidentiality protections. During FY 2011, a Fellow from Colombia worked with FTC staff on a variety of consumer protection matters and an out-bound FTC staffer worked at the U.K. Office of Fair Trading.

Law Enforcement Tools

- **Consumer Response Center:** In FY 2011, the CRC handled more than 35,000 inquiries and complaints from consumers and businesses each week.

- **Consumer Sentinel Network:** In FY 2011, 4.0 million fraud, identity theft, financial, and DNC complaints were added to the FTC's Consumer Sentinel Network (CSN) database. CSN is currently accessible to more than 2,000 law enforcement partner agencies worldwide.
- **National Do Not Call Registry:** The Registry has continued to protect consumers from receiving unwanted commercial telemarketing calls. In FY 2011, telephone numbers on the Registry exceeded 209 million.
- **Identity Theft Tools:** The FTC and its partners have continued to provide state and local law enforcement officers with practical tools to assist victims of identity theft, investigate the crime, and work with local prosecutors. To date, the FTC and its partners have conducted 42 seminars, training more than 5,639 law enforcement officers from more than 1,846 agencies.

Advocacy Tools

The FTC files comments with federal and state government bodies to advocate policies that promote the interests of consumers and highlight the role of consumer and empirical research in their decision-making. In FY 2011, the Commission provided an advocacy comment to the Federal Reserve Board concerning the Home Mortgage Disclosure Act and another comment to the Federal Communications Commission concerning liability for telemarketing calls under the Telephone Consumer Protection Act. The FTC also files amicus briefs to aid courts' consideration of consumer protection issues. In FY 2011, the Commission filed an amicus brief in federal court opposing a class action settlement that would require consumers to surrender protections provided by the Fair Debt Collection Practices Act and state laws in exchange for only minimal payments.

MAINTAIN COMPETITION

The FTC actively enforces the antitrust laws in a range of industries of critical importance to American consumers, including health care, energy, consumer goods and services, technology, and manufacturing. The agency's mission to maintain competition remained highly active in FY 2011, with the agency pursuing 18 new competition law enforcement actions and undertaking several important workshops, reports, and advocacy opportunities to promote competition and educate its stakeholders about the importance of competition to consumers. The FTC also continued to vigorously monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the Hart-Scott-Rodino (HSR) Act.

The FTC pursued 17 merger enforcement challenges, resulting in nine consent agreements, five transactions abandoned or restructured as a result of antitrust concerns raised during the course of the investigation, and three cases in which

the Commission issued administrative complaints and contemporaneously filed motions for preliminary injunctions in federal court. In two of these matters, the Commission challenged consummated mergers and sought federal court orders enjoining the defendants from further consolidating their operations with those of their recently-acquired competitors. In the third, the Commission sought an injunction to halt the defendant from consummating the intended transaction.

The FY 2011 merger actions spanned several markets, including pharmaceuticals, hospitals, industrial goods, retail outlet centers, and energy. In addition to these new enforcement actions, the FTC continued to pursue litigation begun in previous fiscal years (*Polypore International/Daramic LLC* and *Lundbeck (Ovation) Pharmaceuticals, Inc.*).

The FTC conducted an initial review of hundreds of mergers pursuant to the HSR Act, and granted early termination of the HSR waiting period where it appeared that competition would not be harmed.

As part of its efforts against anticompetitive practices, the FTC brought one non-merger enforcement action in FY 2011. This case was resolved when an association representing 900 physicians in the Amarillo, Texas area agreed to a Commission order barring it from jointly negotiating prices charged to health plans. The FTC also continued to litigate two cases involving the pharmaceutical industry (*Cephalon* and *Watson et al.*).

Health Care and Pharmaceuticals

The health care and pharmaceutical industries were again a priority area for competition enforcement as prices continued to escalate. In general, the agency works to promote competition in health care by preventing anticompetitive health care mergers, stopping harmful joint conduct by health care providers, and eliminating impediments to entry by generic drug producers. One area where the FTC has engaged in vigorous enforcement relates to collusive “pay-for-delay” settlements of patent litigation in the pharmaceutical industry, in which a brand name drug company pays a generic drug company to delay its entry into the market. These deals cost consumers billions of dollars annually, including substantial costs to the government, which pays almost one-third of the nation’s prescription drug costs.

During FY 2011, the FTC continued its challenge in federal court to a “pay-for-delay” agreement by Cephalon with four generic rivals for its branded drug Provigil, a treatment for sleep apnea, narcolepsy, and shift-work sleep disorder. The FTC also appealed its case against Solvay Pharmaceuticals, Inc., now an Abbott Laboratories subsidiary, maker of 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 certain “exclusion payments.”

During FY 2011, the FTC reviewed numerous proposed and consummated acquisitions in the pharmaceutical and specialized retail pharmacy industries and took action to preserve competition that otherwise would have been lost due to several proposed and consummated hospital mergers.

In FY 2011, the FTC successfully challenged the *Baxter/Hikma* acquisition relating to generic medications used to control and prevent seizures during or after surgery and a drug used to treat motion sickness, nausea and vomiting and to prevent some types of allergic reactions. In another matter, *Griffols/Telecris*, the FTC required a leading manufacturer of plasma-derived drugs to make significant divestitures as part of a settlement allowing it to acquire another firm in the same industry.

In addition, the FTC initiated actions in federal court in three matters seeking to preserve competition among health care providers that would otherwise have been lost as a result of acquisitions. These matters involved the sale of clinical laboratory testing services to physician groups (*Lab Corp/Westcliff Medical Services*) and consolidations of hospitals providing general acute-care services (*ProMedica/St. Luke's Hospital* and *Phoebe Putney Health System/Palmyra Park Hospital*).

On the nonmerger side, the agency continued to monitor and take action against anticompetitive conduct that adversely affects health care prices by reaching a settlement in the Texas, Amarillo case described previously (*Southwest Health Alliances, Inc.*).

To support its enforcement work and promote competitive outcomes in health care markets, the FTC used a wide variety of policy tools, such as research and reports, workshops, advocacy filings, amicus briefs, speeches, and testimony before Congress.

During FY 2011, representatives of the FTC continued to provide congressional testimony and gave speeches analyzing the competitive impact of “pay-for-delay” settlements between brand and generic pharmaceutical firms. In addition, the FTC examined competitive issues surrounding the formation of Accountable Care Organizations (ACOs) under the Affordable Care Act. This Act encourages the formation of ACOs by a variety of market participants to provide coordinated patient care that can improve quality and lower health care costs. This coordination could also raise antitrust concerns. The FTC worked with the Department of Justice Antitrust Division to provide guidance and transparency to ACOs, issuing a joint statement of antitrust enforcement policy regarding ACOs.

In May 2011, the FTC filed an amicus brief in the U.S. Court of Appeals for the Third Circuit, in support of private class action plaintiffs who have challenged “pay-for-delay” patent settlements between branded and generic manufacturers of the high blood pressure medication K-Dur 20.

In addition to these policy-related activities, staff issued nine advocacy comments to state legislators addressing health care-related issues, including scope of practice of non-physician health care professionals, pharmaceutical distribution arrangements, and collective bargaining by health care providers.

Technology and Manufacturing

Another high priority of the FTC is the protection of competition in the technology and manufacturing sectors of the economy. In December 2010, the Commission reached a settlement relating to Keystone Holdings, LLC’s planned acquisition of Compagnie Saint-Gobain’s advanced ceramics business. The settlement preserves competition in the North American market for alumina wear tile, which protects industrial equipment from abrasive wear. Saint-Gobain is required to retain its Latrobe, Pennsylvania facility, which manufactures most of the alumina wear tile sold by Saint-Gobain in the United States. The FTC order also requires Keystone, for a period of 10 years, to obtain prior approval from the Commission before acquiring any of Saint-Gobain’s North American alumina wear tile assets, including its Latrobe manufacturing facility.

In June 2011, the Commission hosted a workshop addressing the legal and policy issues surrounding the inclusion of patented technology in collaboratively set industry standards. Among the topics addressed was how standard-setting organizations and industry participants attempt to prevent “hold-ups” – the demand for unduly high license royalties after patented technologies are incorporated in standards. Earlier in the year, in March 2011, the FTC issued a report recommending improvements to two other areas of patent law: policies affecting how well a patent gives notice of the technology it protects, and how courts determine the remedies for patent infringement.

Energy

Energy is another important industry to which the FTC devotes significant resources. The FTC continued to review proposed acquisitions involving energy products under the HSR Act and to monitor the industry for transactions that were not subject to filings under HSR. In FY 2011, the agency required Irving Oil to divest terminal and pipeline assets in Maine that it had acquired from ExxonMobil in order to maintain competition in gasoline terminaling services in the South Portland and Bangor/Penobscot Bay areas.

Pursuant to the process that the Commission established in November 2009 to monitor compliance with the Petroleum Market Manipulation Rule – which prohibits manipulation in wholesale markets for crude oil, gasoline, or petroleum distillates – the agency continued to examine and assess the communications regarding the Rule received from the public for evidence of possible Rule violations.

In addition, in FY 2011, the agency opened a new investigation to determine whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others (1) have engaged in practices, including manipulation, that have lessened or may lessen competition in the production, refining, transportation, distribution, or wholesale supply of crude oil or petroleum products; or (2) have provided false or misleading information related to the wholesale price of crude oil or petroleum products to a federal department or agency. Such actions could violate Section 5 of the FTC Act, the Commission’s Petroleum Market Manipulation Rule, or Section 811 or Section 812 of the Energy Independence and Security Act of 2007.

In FY 2011, the FTC issued its sixth annual “Federal Trade Commission Report on Ethanol Market Concentration” addressing the state of ethanol production in the United States, as well as semi-annual reports on oil and gas activities.

Also in FY 2011, the Commission provided four advocacy comments to the Federal Energy Regulatory Commission on energy-related issues.

Retail and Distribution

The FTC continues to work to protect competition in markets for retailing and distributing consumer goods and services, and in FY 2011 required Simon Property Group, Inc., as a condition of its purchase of Prime Outlets Acquisition Company, LLC, to divest property and modify tenant leases as part of a settlement designed to preserve outlet center competition in parts of southwest Ohio, Chicago, Illinois, and Orlando, Florida.

Competition Advocacy, Reports, Workshops, and Outreach

Providing policymakers with a framework to analyze competition issues is an important component of the FTC’s mission to promote competition for the benefit of consumers. Government-imposed impediments can be among the most durable and effective restraints on competition. Therefore, in response to requests, the FTC advises state and federal entities on the potential competitive implications of pending governmental actions that may have a major impact on consumers. In addition to the health care and energy advocacy matters mentioned above, during FY 2011, the Commission provided one advocacy comment to the Environmental Protection Agency concerning a proposed rulemaking, and staff provided one comment to a state legislator concerning malt beverage suppliers and supplier-wholesaler relationships.

The FTC also organizes public hearings, workshops, and conferences to gain a deeper understanding of the complex economic and legal issues surrounding various antitrust issues and to help the agency develop effective policy research and development tools. During FY 2011, in addition to the workshop on collaborative standard setting referred to above, the agency held a workshop addressing several legal issues raised by various Accountable Care Organizations (ACOs) models being considered by health care providers. In May 2011, the Commission hosted a second workshop on ACOs to seek input on the Proposed Statement of Antitrust Enforcement Policy, which was issued in its final form in October 2011 by the FTC and the DOJ and which discusses how the federal agencies will enforce U.S. antitrust laws when competing health care providers create ACOs.

In an effort to provide practitioners, researchers, and other interested stakeholders with tools and guides that are easy to access and understand, the Commission continues to maintain and develop its online resources, including the FTC Guides and Fact Sheets on the Antitrust Laws and the enforcement database, which catalogs the FTC's competition enforcement actions and allows users to view short descriptions of each action, with click-through access to related documents such as press releases and case filings.

International Antitrust

In FY 2011, the FTC further developed cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies. The FTC engaged in effective coordination of reviews of multijurisdictional mergers, and continued to work with its international counterparts to achieve consistent outcomes in cases of suspected unilateral anticompetitive conduct. The agency cooperated with international counterpart agencies on numerous cases of mutual concern, including Intel/McAfee and other cases currently under investigation. The FTC also held meetings with top officials from our key counterpart agencies in Europe, Asia, and the Americas. In July 2011, the FTC and the DOJ entered into a Memorandum of Understanding (MOU) with the three Chinese Antimonopoly Law Agencies, the Ministry of Commerce, the State Administration for Industry and Commerce, and the National Development and Reform Commission, to promote greater cooperation and consultation and further develop the relationship between the U.S. and Chinese antitrust agencies. The FTC and DOJ also signed an antitrust cooperation agreement with the National Economic Prosecutor's office, the competition enforcement agency of Chile. Further, the FTC continues to take a leading role in establishing the Inter-American Competition Alliance, an enforcement network of antitrust agencies in the Americas.

The FTC works with new agencies in China and India on implementation of their competition laws, and participates in intergovernmental dialogues that implicate competition policy. The FTC's engagement with China includes joint FTC/DOJ

participation in an extensive public/private sector program for the three Chinese antitrust enforcement agencies. The FTC, along with DOJ also conducted extensive programs to train the staff of the Competition Commission of India as it begins to implement its merger review regime.

Participation in multilateral competition organizations provides valuable opportunities to promote international cooperation and convergence toward best practices on substantive analysis and on principles of due process, and for competition officials to share insights on law enforcement and policy initiatives. The FTC has further strengthened the roles that it plays in the International Competition Network (ICN) and the competition groups of the OECD, the United Nations Conference on Trade and Development (UNCTAD), and APEC. In the ICN, the FTC serves on the steering group, and FTC officials serve in various leadership capacities, including as a co-chair of the Unilateral Conduct Working Group, which seeks to increase convergence on approaches to issues of monopolization and dominance, and as the leader of the ICN's work on merger notification and review procedures. The FTC also originated and leads an ICN project that is creating a comprehensive curriculum of training materials to serve as a virtual university on competition law and practice.

With the rapid growth in the number of jurisdictions with competition laws, the FTC has expanded its program of technical assistance to help agencies apply their laws in ways that support competitive markets. The FTC's technical assistance program this year conducted competition programs in China, Colombia, the Czech Republic, Egypt, Ghana, Dominican Republic, India, Indonesia, Korea, Panama, Philippines, and South Africa, using its own funding for 13, with the remainder being funded in cooperation with the United States Agency for International Development (USAID), the Commercial Law Development Program of the Department of Commerce, and the U.S. Trade and Development Agency.

As discussed above in connection with the consumer protection mission, the FTC International Fellows and Interns program enables staff from counterpart agencies to work directly with FTC staff on investigations and cases, subject to appropriate confidentiality protections. During FY 2011, Fellows and Interns from Australia, Brazil, Canada, China's Ministry of Commerce, India, Mexico, Turkey, the United Kingdom, and Vietnam worked with FTC staff on competition matters.

Using its U.S. SAFE WEB Act authority, the FTC also sends staff members to work in foreign counterpart agencies for three to six months. In FY 2011, FTC staff members have worked on competition matters at the Canadian Competition Bureau and at the Mexican Federal Competition Commission.

Planned Activities in FY 2012 and Beyond

PROTECT CONSUMERS

To advance its consumer protection goal, the FTC focuses its efforts on identifying fraud, deception, and unfair practices that cause the greatest consumer injury; stopping fraud, deception, unfairness, and other unlawful practices through law enforcement; preventing consumer injury through education; enhancing consumer protection through research, reports, rulemaking, and advocacy; and protecting American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy.

Protecting Consumers in the Financial Services Marketplace

The FTC will continue to use the tools and authorities available to it to protect consumers in the financial services marketplace. Commission law enforcement actions will target deceptive and other illegal practices involving mortgage advertising, servicing, and lending and other financial services. These practices can have severe consequences for consumers, including unanticipated high-cost mortgages, ruined credit histories, and loss of their homes. The FTC will work to combat financial fraud by targeting foreclosure “rescue” and loan modification scams; enforcing debt relief services amendments to the Telemarketing Sales Rule; and targeting payday lenders, credit repair outfits, and other non-traditional creditors that are violating statutes the FTC enforces. The Commission also will fight deceptive and abusive debt collection practices. In addition, the FTC will continue to gather information on the consumer protection issues related to buying or leasing motor vehicles. Further, the FTC will coordinate with the Consumer Financial Protection Bureau to ensure that consumers are protected in the financial marketplace and to avoid any duplicative efforts between the agencies.

Protecting Consumer Privacy and Improving Data Security

The FTC will continue to take a leading role in efforts to protect consumers from unfair, deceptive, or other illegal practices related to their privacy. The Commission will stop unfair and deceptive consumer privacy and security practices through law enforcement, and promote stronger privacy protections through policy initiatives. Most notably, the FTC will issue a final report on protecting consumer privacy. The FTC will also participate in interagency groups, provide technical assistance to Congress on draft legislation, and participate in international privacy events.

Stopping Harmful Uses of Technology

Technology provides countless benefits to consumers, including choice, convenience, and increased access to goods, services, and information. It also enables new vehicles for fraudulent, deceptive, and unfair practices in the marketplace. If consumers are not adequately protected, not only can they suffer economic injury, but they can lose confidence in these new technologies. The FTC will examine malware and spyware threats to mobile devices, promote technologies to protect consumers online, and target online and mobile threats for enforcement, including mobile spam, deceptive and unfair apps, and malware distributed through social networks.

Promoting Compliance in New Media

As new media open new avenues for companies to communicate with consumers, the FTC will promote compliance. The Commission will conduct outreach to businesses that engage in social network, mobile, and affiliate marketing, stressing that existing advertising principles apply to new media and methods of marketing. The FTC will also monitor the marketplace and initiate investigations where appropriate.

Protecting Vulnerable Americans from Fraud

The FTC will continue to combat fraud affecting the poor and underserved communities, such as those offering health insurance or income opportunities through jobs, investment, government grants, or other scams. It also will combat fraud targeting seniors, and examine ways to better assist older victims.

Combating Identity Theft

Identity theft exacts a heavy financial and emotional toll from its victims, and the FTC will continue to assist the millions of Americans who are victimized each year. The Commission will publicize its victim assistance guide for pro-bono attorneys, train local law enforcement to spot and prosecute identity theft, and update educational materials to address new and emerging issues, such as medical and children's identity theft.

Protecting Consumers from Do Not Call Violations

The National Do Not Call (DNC) Registry puts consumers in charge of the telemarketing calls they receive at home. The FTC created the Registry to make it easier and more efficient for consumers to stop unwanted telemarketing calls. Though most entities covered by the DNC Rule comply, the FTC has received millions of complaints alleging DNC violations. The FTC will continue to work to protect consumers who register their numbers from receiving unwanted telemarketing calls, particularly "robocalls" that deliver prerecorded telemarketing messages, by vigorously enforcing the DNC Rule.

Targeting Deceptive Advertising Affecting Consumers' Health

Consumers can fall prey to fraudulent health advertising when they are desperate for help. The FTC, therefore, will continue to challenge deceptive advertising of health products. The Commission will focus on disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats.

Protecting Children in the Marketplace

The FTC will continue to protect children and teens from deceptive, unfair, and age-inappropriate advertising. The Commission is conducting a review of the Children's Online Privacy Protection Act (COPPA) Rule that requires websites to get verifiable parental consent before collecting information from children under 13 years old. Commission staff is assessing new technologies, including mobile applications, to determine whether they are encompassed by, and conducted in accordance with, COPPA's parameters. In the alcohol advertising arena, the FTC plans to propose improvements to self-regulatory standards, expand the We Don't Serve Teens campaign, bring enforcement actions targeting unfair or deceptive practices, and collect data for another report to Congress on self-regulation. Further, the Commission will monitor the marketing of violent entertainment to children and the ability of teens under age 17 to purchase age-restricted violent products.

Evaluating Environmental Marketing Claims

Green claims, such as claims for carbon reduction, landfill reduction, and sustainable materials and packaging, have increased in popularity. These claims can be extremely useful for consumers; however, the complexity of the issues involved creates the potential for confusing, misleading, and fraudulent claims. In October 2010, the FTC proposed revisions to the "FTC Guides for the Use of Environmental Marketing Claims," commonly known as the Green Guides. The FTC is considering public comments on the proposed changes and will decide which changes to make final. The Commission also will bring cases and law enforcement sweeps to address deceptive environmental marketing claims, working where possible with state and local partners.

Serving Hispanic and African-American Populations

The FTC has conducted fraud surveys showing that Hispanic and African-American consumers are more likely to be victims of fraud than other demographic groups. The FTC will aggressively combat consumer fraud against Hispanic and African-American consumers. The Commission will tailor its consumer education messages to different groups, and focus and strengthen its strategic partnerships.

Ensuring Compliance with FTC Orders

Order enforcement is an integral part of the FTC's consumer protection goal. The agency will continue to place a high priority on enforcing orders against repeat offenders, as well as those who act with them. The FTC will continue to monitor and improve the agency's enforcement database and bring more enforcement actions.

Globalization and Cross-Border Enforcement

The FTC will continue enforcement against cross-border fraud and its policy development efforts in the international arena. Using the tools provided by the U.S. SAFE WEB Act, the FTC will continue to create and sustain international partnerships and networks to pursue matters involving foreign defendants, evidence, and assets. It will also continue to recommend that Congress repeal the 2013 sunset provision of the U.S. SAFE WEB Act so it can continue to use these tools effectively, and develop new initiatives with foreign criminal enforcement counterparts on consumer fraud.

The FTC continues to promote international development of market-oriented consumer protection policies that effectively address consumer harm, and highlights the importance of enforcement as a key component of privacy protection (including data security, spam, and malware) in the OECD, APEC, the London Action Plan (LAP), and other multilateral organizations. The FTC also will continue to participate actively in several OECD committees, the International Consumer Protection Enforcement Network (ICPEN), the International Mass Marketing Fraud Working Group, and in APEC's Electronic Commerce Steering Group. Through cooperation with foreign consumer protection agencies and participation in international organizations, the FTC can engage in cooperative foreign law enforcement actions and develop policies that promote effective consumer choice in the international marketplace.

MAINTAIN COMPETITION

The FTC's competition work is critical to protect and strengthen the free and open markets that are the cornerstones of a vibrant economy. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers. A vigorous marketplace provides the incentive and opportunity for new ideas and innovative products and services to develop. Open and competitive markets, however, require clear rules fairly applied. The FTC is dedicated to that task, and uses a variety of tools to maintain competition and protect consumers from anticompetitive mergers as well as anticompetitive business conduct such as illegal agreements among competitors, misuse of government processes to hamper rivals, and illegal attempts to monopolize or maintain a monopoly.

Promoting Competition in Health Care and Pharmaceuticals

The rapidly rising cost of health care is a matter of concern for consumers, employers, insurers, and the nation as a whole. Health-related products and services now account for a significant percentage of gross domestic product, and that share continues to grow each year as health care costs continue to rise. Preventing anti-competitive pharmaceutical mergers will continue to be an important priority for the FTC and a vital way to protect consumers from rising drug prices. The FTC also will continue to advance its enforcement program to attack collusive “pay-for-delay” settlements in the pharmaceutical industry, which, as described above, delay the introduction of generic drugs and cost billions of dollars annually to consumers and governments. In addition, the FTC will continue to stop anticompetitive agreements among health care providers and to challenge hospital, medical device manufacturer, and other mergers that are likely to raise the costs of health care.

In October 2010, the FTC began a policy project on health care reform and competition policy. The Patient Protection and Affordable Care Act, the health care reform law, establishes new programs for Medicare (and some Medicaid beneficiaries) that encourage the formation of ACOs. The purpose of ACOs is to foster higher quality and more efficient provision of health care services through, among other things, coordination of care among providers. Although the program is designed to serve Medicare patients, health care providers are more likely to form ACOs to treat Medicare beneficiaries if they can also do the same for commercially-insured patients. The FTC has focused on how ACOs could affect competition in commercial health care markets. In March 2011, the FTC and the DOJ released a Proposed Statement of Antitrust Enforcement Policy, and in May 2011, the FTC held a workshop to seek input on the proposed statement. A final statement of the FTC’s and DOJ’s antitrust enforcement policy regarding ACOs was issued in October 2011. The joint statement notes that the agencies will conduct expedited reviews upon request to determine if an ACO will result in bona fide collaboration to improve health care and reduce cost, or if it could cause anticompetitive effects that will not be offset by efficiencies.

Aggressively Challenging Anticompetitive Mergers

Identifying anticompetitive mergers remains one of the top priorities of the agency’s Maintaining Competition mission. The premerger notification requirements of the HSR Act provide the FTC with an effective starting point for identifying anticompetitive mergers before they are consummated, preventing competitive harm. Additionally, since 2001, when amendments to the HSR Act increased the threshold for which mergers must be reported under the Act, the FTC has devoted more attention to the identification of unreported, usually consummated, mergers that could harm consumers. In FY 2011, there was a significant increase in merger filings, which followed another substantial increase in FY 2010; thus, the FTC’s merger enforcement program remains very active. Antitrust merger litigation is highly resource-intensive because the issues litigated are increasingly complex and

involve sophisticated economic theories. Necessarily, over time, the size of litigation teams as well as expenses incurred has grown. Litigating the agency's currently filed merger cases and any new actions to their ultimate conclusion will require significant resources in FY 2013 and the years ahead.

The FTC is constantly refining its analytical approach to mergers in light of current marketplace realities. Signaling that refinement, in August 2010 the FTC and the DOJ Antitrust Division published a revision of the Horizontal Merger Guidelines that reflects the current state of merger analysis at the FTC and DOJ. It will help make the process more transparent to American businesses, the bar, and courts. Additionally, in July 2011, the FTC issued final rules giving the HSR notification form its most extensive overhaul since its creation. The form's changes provide the agencies with some additional information that will be useful in making an initial evaluation of whether a transaction may raise competitive issues warranting further investigation, while at the same time eliminating the need for businesses to provide certain previously required information that the agencies have found less helpful than originally anticipated.

Continuing Emphasis on High Technology

The growing importance of technology is placing increasing demands on the FTC's antitrust enforcement mission in both the merger and nonmerger segments. FTC antitrust investigations often involve high-technology sectors of the economy, such as computer hardware and software. The FTC is particularly vigilant where a firm may be illegally using a dominant market position to stifle competition and create or strengthen an existing monopoly. Issues in antitrust matters increasingly intersect with intellectual property concerns, raising difficult questions about how these two bodies of law can best work together to further their common goal of promoting innovation. As these trends continue, the FTC requires more and more specialized technical knowledge and expertise. In FY 2012 and beyond, the FTC expects to expend significant and specialized resources to enhance its ability to investigate and litigate complex matters involving high-tech segments of the economy by increasing both its in-house knowledge and its use of independent experts and consultants.

Preventing Anticompetitive Activity in Energy Industries

The price of gasoline continues to be a concern for consumers, and is therefore a high priority for the FTC. The FTC continues to focus closely on gasoline markets, investigating industry practices and pricing, and will move quickly to address any anticompetitive mergers and other anticompetitive activities. Exercising the authority provided by Congress under the Energy Independence and Security Act of 2007, the FTC issued a Final Rule in August 2009, effective in November 2009, prohibiting market manipulation in the wholesale petroleum industry. Going forward, the FTC will continue to enforce the Rule, which prohibits fraud or deceit in wholesale

petroleum markets, and omissions of material information that are likely to distort petroleum markets.

Under its Gasoline and Diesel Price Monitoring Project, the FTC continues to track retail gasoline and diesel fuel prices in 360 cities nationwide and wholesale prices in 20 major urban centers to identify unusual changes in gasoline prices; if staff detect any such changes, they will promptly investigate the cause.

Increasing Consumer and Business Outreach

The FTC will continue its efforts to educate consumers and businesses on the important role of competition in ensuring the mix of price, choice, and innovation valued by consumers. In addition to having specialized webpages focused on areas of the economy that consumers encounter on a regular basis, such as health care, oil and gas, and real estate, the FTC will look for opportunities to improve content on its website and create new content in response to frequently asked questions and issues of importance to consumers and business. For example, the FTC has prepared educational materials for retail merchants about changes in certain rules governing electronic payments. The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act sets caps on debit card interchange fees and prohibits certain exclusivity requirements and routing and other restrictions imposed by payment card networks and issuers. The FTC seeks to notify merchants of their rights under this new law, including their ability to process debit card transactions over lower-cost networks, fostering savings which could be passed on to customers. Moreover, the FTC's Premerger Notification Office responds to thousands of calls seeking guidance about premerger filing requirements. The FTC and its staff also provide advisory opinions to businesses that request review of proposed conduct. These letters provide a detailed antitrust analysis of the particular conduct that the requester may wish to pursue, and may facilitate the requesters' engaging in competitive activities from which they might otherwise refrain.

Promoting Global Competition

The FTC will continue to develop its cooperative relations with key international counterpart agencies, and will update and develop additional cooperation tools, as needed. Additionally, the FTC will continue to work with competition agencies worldwide to promote best practices and to minimize procedural and policy divergences. The FTC plays a lead role in pursuing convergence toward best practices through its participation in international bodies, such as the ICN and OECD. The FTC is substantially strengthening its international competition outreach efforts in order to build cooperative relationships with our counterpart agencies through the International Fellows and Interns program and the technical assistance program.

Ongoing Administrative and Federal Litigation

Administrative and federal litigation enables the FTC to apply its institutional expertise to the development of antitrust jurisprudence. Currently, the FTC has a number of competition matters in various stages of administrative and federal litigation. The FTC expects this litigation workload to continue at high levels, particularly in the merger area. Antitrust litigation, whether in an administrative proceeding or in federal court, is highly complex and requires significant agency resources. The costs of litigation, including travel, stenographic reporting, and particularly the hiring of expert witnesses, which is key to successfully litigating competition cases, are increasing. Moreover, the FTC's recent amendments to its administrative litigation rules require that cases proceed at a fast pace. These amendments help the FTC serve consumers more effectively, but require the agency to devote increased resources to meet this faster pace. To ensure that the rules governing administrative proceedings are as fair and effective as possible, the FTC has established an internal standing committee to examine its rules for administrative proceedings and make bi-annual recommendations for changes.

Advocating for Competition before the Courts and Other Government Agencies

In addition to efforts to police private conduct, the FTC also works to minimize government-imposed impediments to a competitive marketplace by, upon request, advising government policy-makers about how to apply sound competition principles as they make decisions affecting consumer welfare. Among its activities, the FTC will continue to file comments on proposed government action (legislation, regulation, and other rules) affecting competition in a broad range of industries. In addition to these activities, FTC staff will continue to provide guidance on important competition policy issues, by issuing reports and filing amicus briefs to help courts resolve important competition issues.

Enforcing FTC Orders

The FTC must maintain an effective compliance program to ensure that consumers receive the benefits of FTC orders entered to restore or maintain competition. The FTC focuses on devising and drafting effective orders for each individual matter; this is a highly fact-specific process. In addition, the agency conducts general and historical analyses on the effectiveness of various kinds of remedies, such as divestiture orders. This analysis allows the FTC to design more effective remedies for future cases. The FTC also must litigate, when necessary, to vindicate its authority to order relief to protect competition.

Needed Resources for FY 2013

The FTC is a highly productive and efficient small agency with a large mission. Indeed, in recent years, the agency has faced growing challenges and a host of new Congressionally-imposed responsibilities. The FTC's mission to promote competition and protect consumers is critical to the short and long-term health and vibrancy of the marketplace and the national economy. Since the FTC's FY 2012 budget request was submitted to Congress in February 2011, the federal financial landscape has changed substantially. As a result of the current environment, the FTC has made concerted efforts to use its resources as efficiently as possible. To maintain its high level of performance in FY 2013, the FTC is requesting \$300,000,000 and 1,186 FTE. This is an overall decrease of \$11,563,000 below the FTC's FY 2012 enacted appropriation and consists of:

Decrease of \$25,500,000 related to replacement of satellite space:

- \$25,500,000 decrease from the \$35,200,000 amount included in the FY 2012 appropriation for requirements associated with replacing the 601 New Jersey Avenue building. The FTC has continued to partner with the General Services Administration on this endeavor in refining our requirements. The estimated total amount needed for this multi-year (FY 2010 through FY 2013) endeavor is \$74,900,000.

Increases of \$6,937,000 for mandatory expenses:

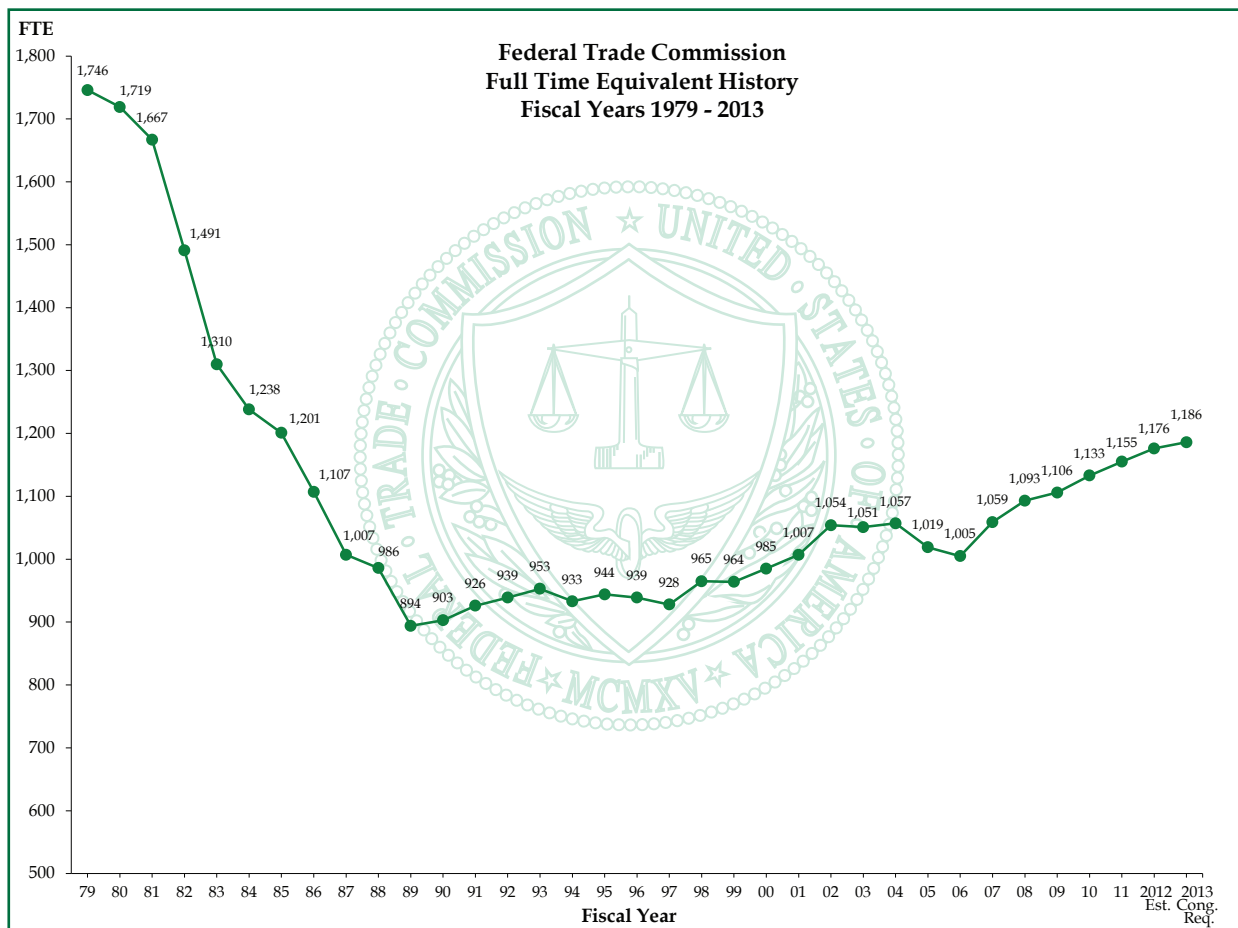
- \$4,048,400 for pay adjustments related to a 2013 pay raise and upward grade classifications pursuant to 5 C.F.R. 531.401 et seq.
- \$2,888,600 for contracts and other non-pay inflation.

Increases of \$1,500,000 for 10 needed FTE:

- 4 FTE to our Protect Consumers goal.
 - » 2 FTE to adequately protect financially distressed consumers who are the targets of fraud. The current economic downturn has fueled a resurgence in fraud targeting financially distressed consumers, and additional staff are needed to investigate and litigate these cases, including foreclosure relief, debt relief, and job opportunity scams.
 - » 1 FTE to adequately protect consumers in connection with emerging technology. As consumers adopt new technology, fraud migrates to new

platforms. Mobile marketing, new electronic payment systems, and social media are just a few areas that must be addressed in the coming years.

- » 1 FTE in the Office of the Executive Director for additional staff to support the agency’s increased technology requirements.
- 6 FTE to our Maintain Competition goal.
 - » 3 FTE to review, investigate, and litigate merger cases that raise competitive concerns that could arise from the strong activity in the health care, pharmaceutical, and high-technology sectors.
 - » 2 FTE to increase economic support for the agency’s mission to maintain competition. The use of economic experts and the continued growing amount of data submitted in investigation and litigation proceedings requires that we have additional FTE to adequately support antitrust enforcement. Also, additional support is needed to work on empirical reports, such as in the pharmaceutical and energy sectors.



- » 1 FTE in the Office of the Executive Director for additional staff to support the agency's acquisition management and contract oversight.

Increase of \$5,500,000 for needed technology investments and to protect consumers.

- \$5,000,000 to initiate technology improvements to mission critical systems. For example, the FTC's litigation support and matter management systems are near the end of their life cycles and are obsolete. The FTC's continued reliance on these outdated systems is an extreme disadvantage when opposing counsel already employs the latest in technology. These new systems will provide more robust case management functionality and will be integrated with other agency applications.
- \$500,000 to support increased consumer demand for the Sentinel Network Services, which include the National Do Not Call Registry, the FTC's Consumer Response Center, and the Consumer Sentinel Network online complaint database (including the spam database).

Appropriations Language Provisions

Federal Deposit Insurance Corporation Improvement Act: The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) amended the Federal Deposit Insurance Act. As originally enacted, the FDICIA imposed various statutory responsibilities on the FTC that the agency did not have the resources or expertise to perform effectively. Accordingly, since 1992, Congress, with Administration support, has prohibited the FTC from spending funds on some or all of the responsibilities assigned to it under section 151 of the Act.

The requested appropriations language for FY 2013 continues the revised spending restriction, reflecting legislation enacted in October 2006, which maintains an appropriately narrow role for the FTC under section 151. This role enables the FTC to continue to enforce the provisions requiring non-federally-insured depository institutions to disclose that they do not have federal insurance and that the federal government does not guarantee the depositor will get back his or her money, and retains the implementation ban with respect to "look-alike" provisions.

Other Provisions: The requested appropriations language continues in effect provisions in prior-year appropriation acts that (1) allow for the purchase of uniforms and hire of motor vehicles; (2) allow services as authorized by 5 U.S.C. 3109; (3) limit to \$300,000 the amount available for contracts for collection services in accordance with 31 U.S.C. 3718; (4) allow up to \$2,000 for official reception and representation expenses; (5) allow for the collection of offsetting fees; (6) allow for the gross sum appropriated to be reduced as offsetting fees are collected; and (7) allow all funding to be available until expended.

Offsetting Fee Collections

This submission assumes that total offsetting collections from HSR filing fees and Do Not Call fees will provide the FTC \$136,500,000 in FY 2013. The FTC assumes the \$163,500,000 difference between offsetting collections and the \$300,000,000 request will be funded through a direct appropriation.

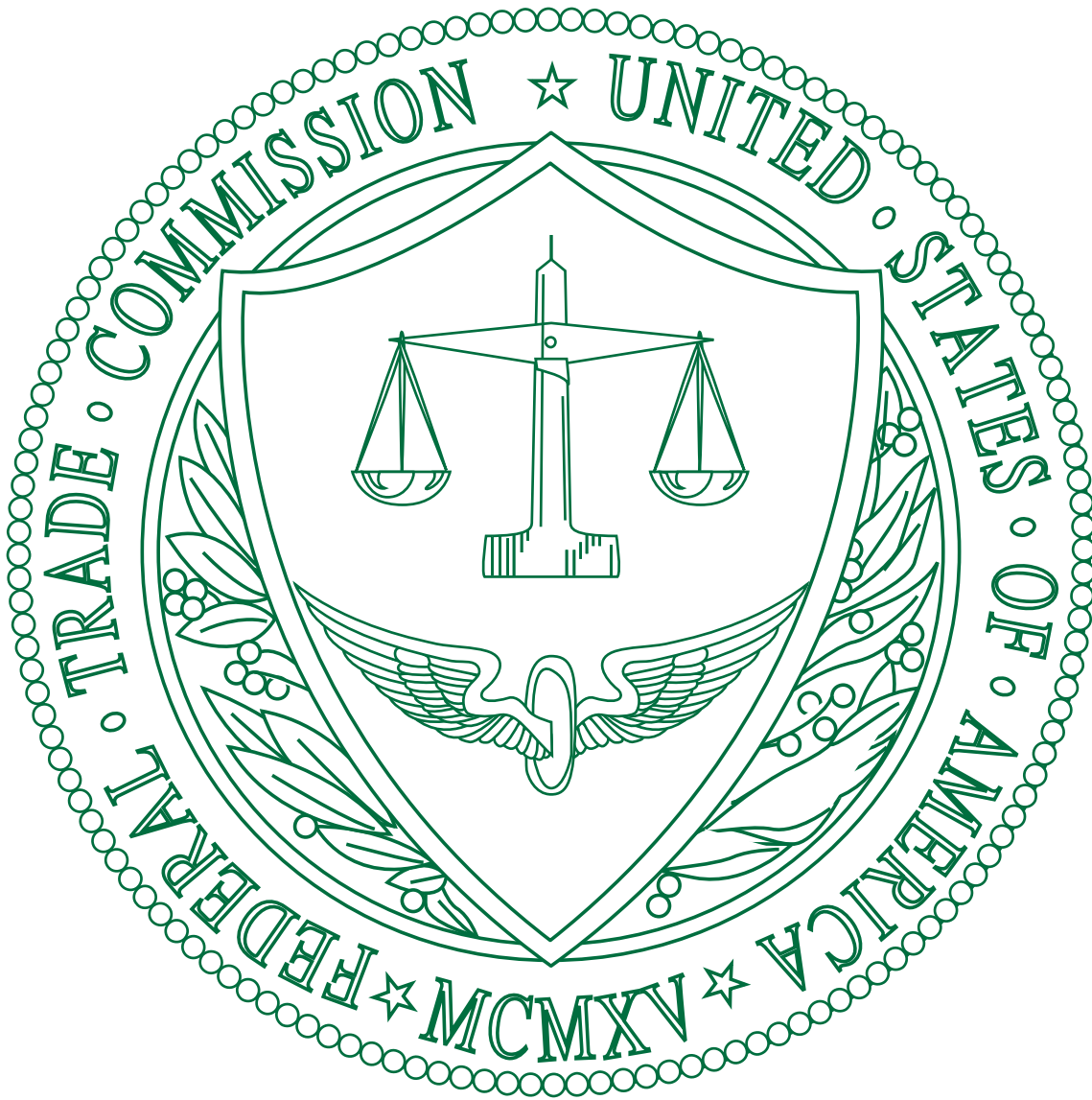
HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC \$117,500,000 in FY 2013. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public Law 106-553).

Do Not Call Fees. This submission assumes offsetting collections of \$19,000,000 from Do Not Call fees. These fees, first collected in FY 2003, will be used to maintain and enforce a national database of telephone numbers of consumers who choose not to receive telephone solicitations from telemarketers and to carry out other Telemarketing Sales Rule activities.

Government Performance And Results Act (GPRA)

The FY 2013 budget request is based on the FTC's GPRA Strategic Plan for FYs 2009 to 2014 and supported by the FY 2012 and FY 2013 Performance Plans included in this submission. In FY 2009, the FTC updated and revised its Strategic Plan and sought input from Congress, the Office of Management and Budget, and its stakeholders to ensure that its strategic goals, objectives, and measures continue to provide relevant information that reflects the FTC's performance. In 2011, the FTC developed an FY 2012 Addendum to the 2009-2014 Strategic Plan that reflects interim adjustments to individual measures and targets. Collectively, these adjustments more accurately measure our progress in pursuit of our mission: to protect consumers and maintain competition in a fair and open marketplace. For the FY 2012 Addendum to the 2009-2014 Strategic Plan, please see <http://www.ftc.gov/opp/gpra/index.shtm>. The 2013 Cuts, Consolidations, and Savings (CCS) Volume of the President's Budget identifies the lower-priority program activities under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: <http://www.whitehouse.gov/omb/budget>. Please note that the FTC does not have any lower-priority program activities.

Performance Plan



Budgeted Resources by Objective
(\$ in thousands)

Protect Consumers

Strategic Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace	FY 2012 FTE	FY 2012 Amount	FY 2013 FTE	FY 2013 Amount
Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury	92	\$34,719	92	\$34,909
Objective 1.2: Stop fraud, deception, unfairness and other unlawful practices through law enforcement	443	\$110,687	447	\$106,118
Objective 1.3: Prevent consumer injury through education	50	\$15,086	50	\$14,277
Objective 1.4: Enhance consumer welfare through research, reports, rulemaking, and advocacy	45	\$11,360	45	\$10,760
Objective 1.5: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy	8	\$3,900	8	\$3,453
Total	638	\$175,752	642	\$169,517

Maintain Competition

Strategic Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace	FY 2012 FTE	FY 2012 Amount	FY 2013 FTE	FY 2013 Amount
Objective 2.1: Take actions against anticompetitive mergers and practices that may cause significant consumer injury	481	\$119,395	487	\$115,152
Objective 2.2: Prevent consumer injury through education	26	\$6,521	26	\$6,204
Objective 2.3: Enhance consumer welfare through research, reports, and advocacy	19	\$4,723	19	\$4,501
Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy	12	\$5,172	12	\$4,626
Total	538	\$135,811	544	\$130,483

Objectives by FTE
(\$ in thousands)

Protect Consumers

	Fiscal Year 2012						Fiscal Year 2013					
	Objective Number					Total FTE	Objective Number					Total FTE
	1	2	3	4	5		1	2	3	4	5	
Financial Practices	4	88	4	6	0	102	5	90	4	6	0	105
Privacy and Identity Protection	6	34	2	9	0	51	6	34	2	9	0	51
Marketing Practices	5	87	2	3	0	97	5	88	2	3	0	98
Advertising Practices	5	45	1	6	0	57	5	45	1	6	0	57
Enforcement	3	50	1	1	0	55	3	50	1	1	0	55
Planning and Information	39	8	3	0	0	50	39	8	3	0	0	50
Consumer and Business Education	0	0	20	1	0	21	0	0	20	1	0	21
Economic and Consumer Policy Analysis	1	1	1	3	0	6	0	1	1	3	0	5
Management	5	15	3	4	0	27	5	15	3	4	0	27
Support	24	115	13	12	8	172	24	116	13	12	8	173
Total	92	443	50	45	8	638	92	447	50	45	8	642

Maintain Competition

	Fiscal Year 2012						Fiscal Year 2013					
	Objective Number					Total FTE	Objective Number					Total FTE
	1	2	3	4	5		1	2	3	4	5	
Premerger Notification	16	2	1	0	0	19	19	2	1	0	0	22
Merger and Joint Venture Enforcement	184	8	4	1	0	197	185	8	4	1	0	198
Merger and Joint Venture Compliance	9	1	1	0	0	11	8	1	1	0	0	10
Nonmerger Enforcement	127	5	3	1	0	136	128	5	3	1	0	137
Nonmerger Compliance	2	0	0	0	0	2	3	0	0	0	0	3
Antitrust Policy Analysis	3	1	3	0	0	7	3	1	3	0	0	7
Other Direct	16	2	2	0	0	20	16	2	2	0	0	20
Support	124	7	5	10	0	146	125	7	5	10	0	147
Total	481	26	19	12	0	538	487	26	19	12	0	544

Annual Performance Measures: Fiscal Years 2010 to 2013

	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Strategic Goal 1 - Protect Consumers: Prevent fraud, deception, and unfair business practices in the marketplace.				
Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury:				
Measure 1.1.1: Complaints collected and entered into the Consumer Sentinel Network database.	3.1 million	4.0 million	3.0 million*	3.0 million*
Key Measure 1.1.2: The percentage of the FTC's consumer protection law enforcement actions that are the subject of consumer complaints to the FTC.	95.9%	80.4%	70%*	
Measure 1.1.3: The rate of customer satisfaction with the FTC's Consumer Response Center.	(a) For the website, exceeded average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index		(a) For the website, exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index	
	(b) For the call center, met standards for call centers developed by the Citizen Service Levels Interagency Committee	(b) For the call center, exceeded standards for call centers developed by the Citizen Service Levels Interagency Committee	(b) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee	
Objective 1.2-Stop fraud, deception, unfairness, and other unlawful practices through law enforcement:				
Key Measure 1.2.1: The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.	99.2%	100%	80 to 90%*	
Measure 1.2.2: The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.	N/A		Statistically significant decrease in the prevalence of the practice	
Measure 1.2.3.: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months.	96%	100%	90%	

* This target was increased as part of the FY 2012 Strategic Plan Addendum

	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Measure 1.2.4: Investigations or cases in which the FTC obtains foreign-based evidence or engaged in mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.	39	53	30	
Objective 1.3–Prevent consumer injury through education:				
Measure 1.3.1: Consumer protection messages accessed online or in print.	43.9 million	41.4 million	50 million	
Key Measure 1.3.2: Customer satisfaction rate with an FTC consumer education website or microsite.	Exceeded average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index		Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index	
Measure 1.3.3: Organizations requesting consumer education publications.	15,375	14,818	12,000*	12,300*
Objective 1.4–Enhance consumer welfare through research, reports, rulemaking, and advocacy				
Measure 1.4.1: Workshops and conferences convened or cosponsored that address consumer protection problems.	11	14	8*	
Measure 1.4.2: Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.	6	3	6	
Measure 1.4.3: The percentage of respondents finding the FTC’s advocacy comments and amicus briefs “useful.”	100%	100%	75%*	
Key Measure 1.4.4: The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed in 9 months of receipt of final comments in the Final Notice of Proposed Rulemaking.	100%	83.3%	75%	
Objective 1.5–Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy				
Key Measure 1.5.1: Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	64	52	60*	
Measure 1.5.2: Technical assistance to foreign consumer protection and privacy authorities.	23	15	8	

Annual Performance Measures: Fiscal Years 2010 to 2013

	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Strategic Goal 2 - Maintain Competition: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.				
Objective 2.1-Take action against anticompetitive mergers and practices that may cause significant consumer injury				
Key Measure 2.1.1: Actions to maintain competition including litigated victories, consent orders, abandoned transaction remedies, restructured transactions remedies, or fix-it-first transactions remedies in a significant percentage of substantial merger and nonmerger investigations.	40%	31.8%	40 to 60%	
Measure 2.1.2: Consumer savings of at least \$500 million through merger actions to maintain competition.	\$586 million	\$531.5 million	\$500 million	
Measure 2.1.3: Actions against mergers likely to harm competition in markets with at least \$25 billion in sales.	\$22.5 billion	\$22.7 billion	\$25 billion	
Measure 2.1.4: Consumer savings of at least six times the amount of FTC resources allocated to merger program.	1,670%	1,417.3%	1300%*	
Measure 2.1.5: Consumer savings of at least \$80 million through nonmerger actions taken to maintain competition.	\$508 million	\$444.9 million	\$450 million*	
Measure 2.1.6: Actions against anticompetitive conduct in markets with a total of at least \$8 billion in annual sales.	\$11.7 billion	\$11.6 billion	\$12 billion*	
Measure 2.1.7: Consumer savings of at least four times the amount of FTC resources allocated to nonmerger program over a five-year period.	2,418%	1,917.7%	2000%*	
Measure 2.1.8: The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	100%	100%	90%	

* This target was increased as part of the FY 2012 Strategic Plan Addendum

	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Objective 2.2-Prevent consumer injury through education:				
Key Measure 2.2.1: Competition resources accessed via the FTC's website.	21.5 million	22.8 million	24 million*	
Objective 2.3-Enhance consumer through research, reports, and advocacy:				
Key Measure 2.3.1: Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.	6	4	4	
Key Measure 2.3.2: Reports and studies issues on key competition related topics.	9	11	8	
Key Measure 2.3.3: Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.	17	16	10*	
Measure 2.3.4: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."	100%	100%	75%*	
Measure 2.3.5: The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.	2.2 million	1.8 million	1.7 million	
Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy				
Key Measure 2.4.1: Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.	76	112	60*	
Measure 2.4.2: Technical assistance provided to foreign competition authorities.	60	27	10	

Annual Performance Measures: Fiscal Years 2010 to 2013

	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Strategic Goal 3 - Advance Performance: Advance the FTC's performance through organizational, individual, and management excellence.				
Objective 3.1: Provide effective human resources management				
Measure 3.1.1: The extent employees believe their organizational culture promotes improvements in processes, products and services, and organizational outcomes.	Exceeded the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index		Exceed the government-wide results on the Federal Human Capital Survey's Results-Oriented Performance Culture Index	
Key Measure 3.1.2: The extent employees think the organization has the talent necessary to achieve organizational goals.	Exceeded the government-wide results on the Federal Human Capital Survey's Talent Management Index		Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index	
Objective 3.2-Provide effective infrastructure and security management				
Key Measure 3.2.1: A favorable Continuity of Operations (COOP) rating.	85%	75%	75%	
Key Measure 3.2.2: Availability of information technology systems.	99.77%	99.82%	99.0%	99.5%
Objective 3.3-Provide effective information resource management:				
Key Measure 3.3.1: The percentage of Commission-approved documents in ongoing and newly initiated public FTC proceedings available via the Internet within 15 days of becoming part of the public record.	93.8%	82%	80%	
Objective 3.4:Provide effective financial and acquisition management				
Measure 3.4.1: Independent auditor's financial statement audit results.	Unqualified		Unqualified	
Key Measure 3.4.2: The percentage of Bureau/Offices that establish and maintain an effective, risk-based internal control environment.	100%		100%	
Measure 3.4.3: Performance against the Small Business Administration's government-wide small business procurement goals.	58.9%	46.3%	23%	

Annual Performance Measures: Historical

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Protect Consumers			
Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace.			
Objective 1.1-Identify fraud, deception, and unfair practices that cause the greatest consumer injury			
Measure 1.1.1: Collect and enter complaints and inquiries entered into the consumer database.	1,100,000	3,050,000	3,300,000
Measure 1.1.2: The percentage of the agency's consumer protection law enforcement actions that are responsive to complaint information gathered by the agency.	76%	71%	79%
Objective 1.2-Stop fraud, deception, unfairness, and other unlawful practices through law enforcement			
Measure 1.2.1: Stop economic injury to consumers each year through law enforcement.	\$519 million	\$474 million	\$505 million
Measure 1.2.2: Stop fraudulent, deceptive, unfair, and other unlawful practices by obtaining orders or conducting other direct interventions with businesses resulting in a change in business conduct.	137	132	---
Objective 1.3-Prevent consumer injury through education			
Measure 1.3.1: Track consumer protection messages accessed online or in print.	47 million	49.2 million	43.1 million
Measure 1.3.2: Track consumer protection messages related to identity theft, accessed online or in print.	9.6 million	11.4 million	10.1 million
Measure 1.3.3: Track consumer protection messages in Spanish, accessed online or in print.	2.2 million	2.0 million	1.8 million
Measure 1.3.4: Track (a) the number of times print media publish articles that refer to FTC consumer protection activities and (b) the circulation of media that publish those articles.	(a) 3,066 articles (b) 863 million circulation	(a) 3,100 articles (b) 791 million circulation	(a) 2,484 articles (b) 702 million circulation
Objective 1.4-Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange			
Measure 1.4.1: Convene or participate substantially in workshops and conferences on novel or challenging consumer protection problems or issues.	10	16	9
Measure 1.4.2: Issue reports on novel or challenging consumer protection problems or issues.	8	12	14
Measure 1.4.3: File public and advocacy comments with other federal and state government agencies.	7	6	2
Measure 1.4.4: Cooperate with foreign government agencies on enforcement matters with cross-border components.	23	46	39
Measure 1.4.5: Provide consumer protection related policy or technical input to foreign government agencies or international organizations.	34	88	81

Annual Performance Measures: Historical

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Maintain Competition			
Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.			
Objective 2.1-Identify anticompetitive mergers and practices that cause the greatest consumer injury			
Measure 2.1.1: Achieve positive outcomes in matters in which HSR requests for additional information are issued.	100%	100%	100%
Measure 2.1.2: Percentage of significant nonmerger investigations that result in a positive outcome.	100%	100%	100%
Measure 2.1.3: Track the number of enforcement actions for the total mission, for the (a) merger and (b) nonmerger actions.	a) 22 b) 11	a) 21 b) 4	a) 19 b) 7
Measure 2.1.4 Report the number of (a) second requests, (b) reportable transactions for which premerger notifications were received, (c) HSR investigations that resulted in enforcement action, (d) transactions in which antitrust issues were resolved through voluntary abandonment or restructuring because of FTC concerns, and (e) investigations closed because the evidence indicated that a competitive problem was unlikely.	a) 31 b) 2,108 c) 20 d) 5 e) 11	a) 21 b) 1,656 c) 12 d) 2 e) 7	a) 15 b) 684 c) 13 d) 1 e) 3
Measure 2.1.5: Track the number of significant nonmerger investigations closed each year, (a) with enforcement action and (b) without enforcement action.	a) 11 b) 17	a) 4 b) 14	a) 7 b) 27
Objective 2.2-Stop anticompetitive mergers and business practices through law enforcement			
Measure 2.2.1: Positive result of cases brought by FTC due to alleged violations.	100%	96%	96%
Measure 2.2.2: Achieve savings for consumers through merger enforcement.	\$805 million	\$360 million	\$791 million
Measure 2.2.3: Take action against mergers likely to harm competition in markets with a total of at least \$125 billion in sales over a five-year period; \$25 billion in sales each year.	\$ 42.6 million	\$14.9 million	\$22.3 million
Measure 2.2.4: Achieve savings for consumers through non-merger enforcement.	\$75 million	\$28 million	\$188 million
Measure 2.2.5: Take action against anticompetitive conduct in markets with a total of at least \$40 billion in annual sales over five-year period; \$8 billion each year.	\$2.6 billion	\$0.4 billion	\$14.6 billion
Measure 2.2.6 Save consumers at least six times the amount of agency resources allocated to merger activity.	2,500%	1,121%	2,132%
Measure 2.2.7: Save consumers at least four times the amount of agency resources allocated to nonmerger enforcement activity.	424%	164%	1,035%

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Objective 2.3–Prevent consumer injury through education			
Measure 2.3.1: Quantify number of hits on antitrust information on FTC website.	15.7 million	12.5 million	11.9 million
Measure 2.3.2: Track (a) the number of times print media publish articles that refer to FTC competition activities and (b) the circulation of the media that publish those articles.	(a) 2,982 articles (b) 635 million	(a) 1,858 articles (b) 397 million	(a) 1,569 articles (b) 360 million
Objective 2.4–Enhance consumer welfare through research, reports, advocacy, and international cooperation and exchange			
Measure 2.4.1: Convene or participate substantially in workshops, conferences, seminars, and hearings involving significant competition-related issues.	7	5	8
Measure 2.4.2: Issue studies, reports, and working or issues papers on significant competition-related issues.	18	7	20
Measure 2.4.3: Make advocacy filings with other federal and state government agencies urging them to assess the competitive ramifications and costs and benefits to consumers of their policies.	11	12	10
Measure 2.4.4: Issue advisory opinions to persons seeking agency review of proposed business actions.	2	1	1
Measure 2.4.5: File amicus briefs with courts addressing competition-related issues.	4	1	2
Measure 2.4.6: Track the volume of traffic on ftc.gov relating to competition research, reports, advocacy, and international cooperation and exchange.	1.1 million	1.2 million	1.6 million
Measure 2.4.7: Track the number of (a) cases on which the FTC cooperated with a foreign competition authority, (b) consultations with or comments to foreign competition authorities, (c) written submissions on international fora, (d) international events attended, and (e) leadership positions held by FTC staff in international competition organizations.	(a) 61 (b) 70 (c) 19 (d) 48 (e) 8	(a) 79 (b) 89 (c) 30 (d) 68 (e) 9	(a) 87 (b) 56 (c) 19 (d)125 (e) 10

Strategic Goal 1: Protect Consumers

Prevent fraud, deception, and unfair business practices in the marketplace

The FTC has jurisdiction over a wide range of consumer protection issues. To carry out its broad mission, it must make effective use of limited resources by targeting its law enforcement and education efforts for maximum impact and by working closely with federal, state, international, and private sector partners in joint initiatives. In addition, the agency engages in dialogue with a variety of stakeholders to understand industry concerns, and engages in and encourages study of, and empirical research on, consumer protection topics.

Objective 1.1: Identify fraud, deception, and unfair practices that cause the greatest consumer injury

To fulfill its goal of protecting consumers, the FTC must identify consumer protection problems and trends in the fast-changing, increasingly global marketplace. The agency strives to understand the issues affecting consumers, including any newly emerging methods of fraud or deceit, so that it can target its enforcement, education, and advocacy to those areas where consumers suffer the most harm. The FTC reports this information to other law enforcement authorities and encourages those authorities to assist in its efforts, either independently or jointly. In this way, the FTC can leverage its resources by ensuring multiple “cops on the beat.”

To fulfill this objective, the FTC is using new technologies creatively and building on its broad base of private and public sector partners. The agency continues to collect consumer complaint information directly through four principal sources: (1) a toll-free helpline (1-877-FTC HELP); (2) an identity theft hotline (1-877-ID-THEFT); (3) the National Do Not Call Registry (1-888-382-1222); and (4) the online consumer complaint forms that support each of these efforts, as well as online forms dedicated to complaints from members of the U.S. Armed Forces and to cross-border fraud complaints. In addition, the FTC continues to gather consumer complaint information from other sources, including state and federal law enforcement agencies, Better Business Bureaus, and private entities. Further, the FTC maintains an electronic mailbox (spam@uce.gov) to which Internet users are encouraged to forward spam.

The agency makes consumer complaint data and other information available to other law enforcers through the secure website of the Consumer Sentinel Network, which is currently accessible to more than 2,000 law enforcement partner agencies worldwide. The agency augments identification of targets from its databases with other strategies for generating enforcement leads, such as ad monitoring, Internet surfs (monitoring the Internet for potentially false or deceptive advertising for a targeted product or service), and direct referrals from government and private sector partners.

Strategies

- Continue to upgrade and enhance the Consumer Sentinel Network.
- Expand the pool of entities that make their consumer complaint data available to the law enforcement community through the Consumer Sentinel Network.
- Monitor the marketplace to identify illegal practices that may not be fully captured by the consumer complaint database, for example, through the FTC Internet Lab, Internet surfs, and consumer surveys.
- Make comprehensive consumer complaint information, as well as the analysis of that information, available to the FTC's law enforcement partners through the Consumer Sentinel Network.
- Review current functions and determine what changes or upgrades to the Consumer Sentinel Network would be helpful.
- Assess whether the FTC's law enforcement and education efforts are addressing the leading areas identified by the consumer complaint information gathered by the agency.

FY 2012 and FY 2013 Implementation Plan

- Continue to upgrade and enhance the Consumer Sentinel Network to meet the increasing volume of consumer complaints, larger number of users, and increased demands on access to pertinent data, and maintain it as the premier consumer protection law enforcement complaint database.
- Recruit state, local, federal, and foreign law enforcement agencies to join the Consumer Sentinel Network and contribute complaint data, and train them to take full advantage of its features.
- Improve the capacity to receive and integrate complaints from U.S. and foreign sources and facilitate the exchange of that data with law enforcement officials in the U.S. and other countries.

- Encourage consumers to report fraud, identity theft, financial and Do Not Call Registry complaints by increasing public awareness of the complaint process.
- Analyze the complaint data to identify enforcement targets and provide pertinent information to public and private sector partners.
- Ensure the quality, security, and integrity of the Consumer Sentinel Network.
- Coordinate with enforcement partners and other sources of case generation leads, and conduct test shopping, Internet surfs, and consumer surveys.
- Monitor national advertising in print, television, radio, and online to identify illegal practices that may not be captured fully by the complaint database.
- Identify novel or challenging consumer protection problems.
- Identify fraud targeting seniors through Consumer Sentinel Network complaints, reviewing “FTC Fraud Survey data,” and developing relationships with key organizations.

Performance Measures

- The number of complaints collected and entered into the Consumer Sentinel Network database.
- The percentage of the FTC’s consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.
- The rate of customer satisfaction with the FTC’s Consumer Response Center.

The first performance measure will ensure that the agency assimilates a large number of consumer complaints, including complaints about Do Not Call violations. The agency will receive these complaints from a variety of sources, including direct consumer complaints to the FTC and complaints received by the FTC’s partners. In this manner, the FTC will collect robust information to inform its law enforcement efforts. The second measure will ensure that FTC law enforcement actions target the subject of concerns identified by consumers. The third measure will ensure that the agency’s Consumer Response Center is providing satisfactory service responding to consumers.

Evaluations

- Assess the extent to which the consumer complaint and other information made available by the agency is used by its staff and law enforcement partners. The FTC reviews the complaint data and other information it collects to identify and target the most serious cases of fraud and deception and respond

quickly to emerging problems. The agency also makes this information available to its law enforcement partners. Information sharing helps the agency coordinate its efforts to fight the many serious problems facing consumers. It also helps the agency leverage law enforcement resources, as other agencies who have access to the complaint data can take appropriate action to address consumer problems.

- Assess security and integrity protections for the Consumer Sentinel Network and proposed enhancements to the database and evaluate the policies in place.

Objective 1.2: Stop fraud, deception, unfairness, and other unlawful practices through law enforcement

The FTC protects consumers by enforcing Section 5 of the FTC Act, which prohibits unfair or deceptive acts or practices in or affecting commerce, as well as by enforcing an increasing number of statutes and rules proscribing specific unlawful practices. The agency initiates civil cases, primarily by filing actions in federal court, which allege that defendants have violated these laws and rules and seek injunctions and other relief. The Commission also brings enforcement actions via administrative proceedings.

Strategies

- Stop injury to consumers through aggressive law enforcement.
- Enforce consumer credit statutes and rules to protect consumers from deceptive lending practices, illegal credit practices, and unfair and deceptive mortgage loan practices.
- Challenge practices that threaten consumer privacy.
- Halt advertising and marketing practices that are most injurious to consumers or that prey on specific groups of vulnerable consumers.
- Target those individuals and corporations that violate federal court and administrative orders obtained by the FTC.
- Promote the criminal prosecution of the most egregious fraud violators through coordination with criminal law enforcement authorities.

FY 2012 and 2013 Implementation Plan

- Target law enforcement toward violations that create the greatest risks to consumer health, safety, and economic well-being by reviewing complaints, evaluating practices in the marketplace, and monitoring industry data and other information.
- Focus on fraud causing serious consumer injury, including business opportunities and “get rich quick” investment schemes, prepaid phone cards, deceptive health insurance or medical discount programs, economic downturn and stimulus fraud, unfair and deceptive educational services and products, sham charities and charitable solicitations, and spam.
- Stop financial fraud by targeting foreclosure “rescue” and loan modification scams; enforcing the debt relief services amendments to the Telemarketing Sales Rule; and targeting payday lenders, credit repair outfits, and other non-traditional creditors that are violating statutes the FTC enforces.
- Target unfair and deceptive mortgage advertising, servicing, and lending practices.
- Fight deceptive and abusive debt collection practices.
- Combat fraud affecting the poor and under-served communities, such as those offering income opportunities through jobs, investment, government grants, and other scams.
- Combat harmful practices by automobile dealers.
- Pursue enforcement action in cases in which companies have misrepresented their policies about the use of personal information they collect from consumers or failed to take appropriate steps to protect the security of personal information.
- Use law enforcement to promote better data security practices through enforcement of the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, and Section 5 of the FTC Act.
- Administer and enforce the National Do Not Call Registry and associated rules.
- Protect consumers from online and mobile threats, such as mobile spam, deceptive and unfair apps, and malware distributed through social networks.
- Promote compliance with consumer protection laws in the online and mobile marketplace.

- Reduce deceptive marketing through “negative options” imposing unauthorized charges.
- Target deceptive advertising affecting consumers’ health and safety, focusing on disease prevention and treatment claims; claims aimed at baby boomers, seniors, and the uninsured; and claims exploiting emerging health threats.
- Pursue enforcement action involving deceptive environmental and energy claims .
- Target the “gatekeepers” and facilitators that make fraud possible.
- Aggressively combat fraud against Latino consumers through the FTC’s Hispanic Outreach and Law Enforcement Initiative, and pursue additional outreach to African-American consumers.
- Address an expected increase in fraud targeting older Americans and those affected by the economic downturn.
- Monitor and enforce compliance with federal court and administrative orders.
- Train FTC staff to improve investigative and litigation skills through formal activities that teach best practices used in government and private industry.
- Increase the FTC’s capacity to respond rapidly to fast-moving technology-based scams by enhancing the Internet Lab with mobile devices and increasing tech-savvy litigation support.
- Leverage FTC enforcement resources by recruiting, supporting, and coordinating local, state, federal, and international law enforcement partners for initiatives and sweeps.
- Work with criminal prosecutors and investigators to promote criminal prosecution of FTC fraud defendants and those who assist their deceptive practices.
- Distribute redress dollars to consumers in a timely manner.
- Actively cooperate with foreign counterparts on consumer protection matters.
- Seek an extension of the Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers Beyond Borders (U.S. SAFE WEB) Act of 2006, which is scheduled to expire in December 2013.

- Continue to create and sustain international partnerships and networks to pursue matters involving foreign defendants, evidence, and assets, using the tools provided by the U.S. SAFE WEB Act.
- Expand the FTC's partnership with the DOJ Office of Foreign Litigation in the Civil Division and DOJ's Office of International Affairs in the Criminal Division to develop evidence for cases with international components and pursue foreign assets for consumer redress.
- Increase the FTC's forensic accounting capabilities to analyze financial documents and structure monetary settlements.

Performance Measures

- The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.
- The FTC's effectiveness in stopping prohibited business practices in three high priority areas over the next five years.
- The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months.
- Investigations or cases in which the FTC obtains foreign-based evidence or engages in other mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.

The first measure will ensure that the FTC successfully resolves cases, though it aims to file large, challenging, or precedent-setting cases when appropriate, including cases that raise novel legal and factual issues. The second measure will ensure the agency's success in changing business practices within priority areas and demonstrate the change through research methods. The high priority areas will be identified by Bureau of Consumer Protection management in consultation with Commissioners. The third measure will ensure that the FTC returns redress dollars to consumers as quickly as possible. Dollars are considered "designated for distribution" when the FTC is in receipt of all funds, legal issues are resolved, and a usable claimant list is ready. The last measure helps gauge law enforcement efforts from an international perspective, including continuing to use and further develop new powers authorized under the U.S. SAFE WEB Act of 2006 to achieve the objective.

Evaluations

Evaluate whether enforcement activities are tracking the areas of greatest concern and injury to consumers and whether there are new practices or technologies that require additional consumer protection law enforcement.

Objective 1.3: Prevent consumer injury through education

Consumer and business education serves as the first line of defense against fraud, deception, and unfair practices. Most FTC law enforcement initiatives include a consumer and/or business education component aimed at preventing consumer injury and unlawful business practices, and mitigating financial losses. The agency also conducts pre-emptive consumer and business education campaigns to raise awareness of new or emerging marketplace issues that have the potential to cause harm. The agency creatively uses new technologies and private and public partnerships to reach new and underserved audiences, particularly those who may not seek information directly from the FTC. The FTC will continue to publicize its consumer complaint and identity theft website addresses and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of the ways to contact the FTC to obtain information or file a complaint.

Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury.
- Leverage resources (by working with federal, state, local, international, and private sector partners) to maximize the reach of consumer and business education campaigns.
- Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being.

FY 2012 and FY 2013 Implementation Plan

- Deliver efficiently and effectively educational information in English and Spanish to consumers, industry members, and law enforcement partners on how to prevent consumer injury, avoid unlawful business practices, and enhance consumer welfare.
- Focus on key strategic areas – financial services, health and safety, identity theft, mobile, new technologies, green advertising, negative option market-

ing, telemarketing fraud, Do Not Call, affiliate marketing, immigration fraud, and financial issues/expenses (including funerals).

- Continue education programs to meet the demand for information about significant events in the marketplace, such as scams targeting consumers affected by the economic downturn, and directing outreach to financially distressed consumers.
- Monitor, review, and provide guidance to parents and children on marketing that may affect children and teenagers.
- Find new and creative ways to reach consumers with information about marketplace issues that can cause them financial injury and to reach businesses with information that increases knowledge about consumer risks and compliance.
- Build partnerships with industry and advocacy organizations to distribute publications and lead more visitors to the FTC's website (www.ftc.gov) and to other issue-oriented websites developed by the FTC such as, www.DoNotCall.gov, www.OnGuardOnLine.gov, and www.DontServeTeens.gov.
- Build relationships with international organizations to educate consumers and businesses about cross-border consumer protection issues.
- Increase media coverage to broadcast the agency's education message to a broader audience.
- Tailor messages to different groups and populations, including Latino and African-American consumers.
- Highlight fraud commonly affecting seniors through consumer education.
- Use different media to enhance outreach (webinars, tutorials, videos, blogs, articles, podcasts) and update the FTC's presence on the web, mobile, and other platforms.
- Develop education projects with state and local partner agencies to allow states and the FTC to benefit from comparative advantages enjoyed by the other and provide consumers with a level of service that neither working alone could provide.
- Educate media and advertising companies on rules-of-the-road for advertising.

- Conduct outreach to businesses that engage in word-of-mouth, mobile, and affiliate marketing, stressing that existing advertising principles (including revised Endorsement Guides) apply to new media and methods of marketing.

Performance Measures

- Consumer protection messages accessed online or in print.
- Customer satisfaction rate with an FTC consumer education website or microsite.
- Organizations requesting consumer education publications.

Consumer and business education are crucial tools in preventing and reducing consumer harm efficiently and effectively. The first performance measure will help ensure that the agency is engaging in a sufficient amount of educational activity and that the educational materials are aimed at new trends and at particularly vulnerable populations. The second measure will ensure that the agency's consumer education websites are effective and helpful for consumers. The third measure will ensure that the FTC is publicizing its activities in the best way possible, and that the agency has a wide array of partners to leverage resources.

Evaluations

- Measure the number of education messages disseminated each year relating to high-profile or emerging issues, such as mortgage rescue foreclosure scams, where consumer and business education can help alleviate consumer injury.
- Assess whether the appropriate mix of media is being used to communicate consumer education messages and whether the FTC is making the most efficient use of available media and technology.
- Assess the range of public and private sector organizations that partner with the FTC on outreach.
- Determine whether the FTC needs to reach new audiences, in light of any changes in demographics, advertising, and marketing practices, and what strategies or partnerships may allow the FTC to reach those audiences.
- Review the focus of FTC education efforts and adjust them based on changing consumer and business needs.
- Continue to assess and address the consumer information needs of the Hispanic, African-American, and elderly populations.

Objective 1.4: Enhance consumer protection through research, reports, rulemaking, and advocacy

The FTC uses a variety of strategies in addition to law enforcement and education to enhance consumer protection. The agency convenes and co-sponsors conferences and workshops through which experts and other experienced and knowledgeable parties identify novel or challenging consumer protection issues and discuss ways to address those issues. The FTC also issues reports that analyze consumer protection problems and provide recommendations to address them. Further, the FTC files comments with federal and state government bodies advocating policies that highlight the role of consumer and empirical research in their decision making and promote the interests of consumers. The agency regularly testifies before Congress on consumer protection issues. The FTC also files amicus briefs to aid courts' considerations of consumer protection issues.

Strategies

- Focus workshops and conferences on emerging or challenging consumer protection problems, especially those related to new technologies and financial concerns.
- Issue reports mandated by law and other reports that articulate concrete measures that the public and private sectors can take to address consumer protection problems, particularly those related to new technologies or financial concerns.
- Continue to enhance the agency's Regulatory Review Program and update, rescind, or promulgate trade regulation rules and other agency rules in response to regulatory reviews, Congressional mandates, and emerging consumer protection issues.
- Target advocacy activities to encourage state, federal, and foreign government policymakers to evaluate both the costs and benefits of their policies for consumers.
- Use letters and public comments to urge state, federal, and foreign governments to consider consumer research and other empirical data regarding the costs and benefits of their policies for consumers.

FY 2012 and 2013 Implementation Plan

- Convene and co-sponsor workshops and conferences and issue reports, including those required by law, on emerging or challenging consumer pro-

tection problems, such as malware and spyware threats to mobile devices and face recognition technology.

- Study new technologies to enable the FTC to take a lead role in addressing the privacy, security, and other risks of consumer harm associated with the technologies. Promote stronger privacy protections through policy initiatives, issue a final report on protecting consumer privacy, participate in interagency groups, provide technical assistance to Congress on draft legislation, and participate in international privacy events, develop international frameworks and enforcement cooperation agreements. In rulemakings, evaluate the regulatory effect on industry, consumers, and other parties, invite public comment, coordinate with other agencies, and promulgate rules accordingly.
- Complete the Children’s Online Privacy Protection Act (COPPA) Rule review and the review of the FTC Guides for the Use of Environmental Marketing Claims, among others.
- Review public comments regarding the FTC’s Regulatory Review Program and make changes as appropriate to improve effectiveness.
- Review Rules/Guides scheduled to be reviewed under the 10-year Regulatory Review Program and consider ways to reduce the compliance burden while maintaining important protections.
- Analyze federal and state government policies and identify those that impose costs on consumers that may exceed their benefits to consumers, especially policies that affect the dissemination of truthful, non-misleading information to consumers.
- File comments or otherwise engage in advocacy with state, federal, and foreign governments that evaluate both the costs and benefits of proposed policies on consumers, with a particular emphasis on the role of consumer research and other empirical data in their policy development, and an awareness of the intersection of competition and consumer protection concerns.
- Publicize advocacy comments to increase public awareness of consumer protection problems and solutions.
- File amicus briefs urging adoption of legal principles that promote consumer welfare.
- Present major policy speeches that discuss emerging or challenging consumer protection problems and explain the FTC’s approach to them.

- Further the FTC's Congressionally-endorsed efforts to promote industry self-regulation in the marketing of entertainment and food to children.

Performance Measures

- Workshops and conferences convened or co-sponsored that address consumer protection problems.
- Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.
- The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful." (Note that "usefulness" is assessed by the recipient; the target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively.)
- The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within 9 months of receipt of final comments in the Final Notice of Proposed Rulemaking.

Public policy that enhances consumer protection is based on a thorough understanding of complex issues, which arises from dialogue, study, and empirical research. Such policy also appreciates that stakeholders other than government, such as industry associations or private standard-setting organizations, are at times better placed to address certain consumer protection issues. These performance measures will help ensure that the agency augments its enforcement and education efforts by encouraging discussions among all interested parties, through careful study of and empirical research on novel or challenging consumer protection problems, by urging adoption of policies and legal principles that promote consumers' interest, and by conducting rulemaking as appropriate. These activities will help guide the FTC's consumer protection policy decisions, as well as those of other state, federal, and international policymakers.

Evaluations

- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state, federal, and foreign government bodies on consumer protection policies that will have a significant impact on consumers.
- Assess whether industry gives weight to the FTC's evaluation, monitoring, and advocacy and whether market interests are affected.

Objective 1.5: Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy

The FTC increasingly works around the globe to address new and emerging consumer protection and privacy challenges and concerns. Numerous issues, including spam, phishing, spyware, telemarketing fraud, identity theft, data security and privacy, cross national borders. The resulting challenges require the FTC to cooperate with counterparts in foreign agencies and international organizations. The FTC addresses these challenges with a broad-based international program that strives to develop a global marketplace that provides consumers with consistent and effective protections and that helps foreign governments and international organizations improve their capacity to develop and implement sound consumer protection policies.

Strategies

- Pursue the development of an international consumer protection and privacy model that focuses on protecting consumers while maximizing economic benefit and consumer choice.
- Focus on understanding cutting-edge issues in technology and globalization that present challenges to American consumer interests.
- Influence policy development and implementation by advising multilateral organizations, regional entities, and foreign government agencies through substantive consultations and written comments.
- Provide technical assistance to newer consumer protection and privacy agencies to enhance their ability to apply sound consumer protection and privacy policies.

FY 2012 and 2013 Implementation Plan

- Engage through the Organization for Economic Cooperation and Development (OECD) to develop the next generation of policy principles in the area of consumer protection and electronic commerce on issues such as emerging online and mobile payments systems, digital content products, and interactive digital media.

- Work with international partners to strengthen cooperation among enforcement partners, including through new initiatives with foreign criminal authorities.
- Seek to finalize the Asia-Pacific Economic Cooperation (APEC) cross-border data privacy rules project.
- Consult with international authorities on developing new approaches to privacy and cross-border data transfers through the OECD and other international organizations.
- Continue to build and expand a robust consumer protection and privacy technical assistance program for newer consumer protection agencies.
- Further develop the International Fellows, intern, and international staff exchange programs.

Performance Measures

- Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments
- Technical assistance to foreign consumer protection and privacy authorities.
- These measures address the scope of our contact with international counterparts and help determine if our efforts are sufficiently broad-based.

Program Evaluations

- Where feasible, evaluate whether the advice and comments that the FTC provides to foreign government agencies and international organizations have been considered by the recipients in their policy development.
- Evaluate completed technical assistance missions to determine, from the perspective of participants and their managers, whether the assistance was deemed valuable.

Strategic Goal 2: Maintain Competition

Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace

Objective 2.1: Take action against anticompetitive mergers and practices that may cause significant consumer injury

The FTC takes action to block or remedy anticompetitive mergers and to stop anticompetitive conduct. This antitrust enforcement provides substantial benefits to consumers by preventing anticompetitive mergers and other coordinated or unilateral conduct that are likely to lessen competition and innovation and cause consumers to pay higher prices or obtain lower quality goods and services than they otherwise would.

The FTC investigates proposed and consummated mergers, as well as anticompetitive conduct and agreements, and takes action when it has reason to believe that mergers or conduct will likely harm consumers. The FTC's enforcement actions result in litigation, consent orders, and abandoned or restructured transactions or agreements. The FTC strives to maintain strong litigation capabilities to stop anticompetitive conduct and mergers and works to ensure that the remedies imposed by its consent orders are effective in maintaining competition in the marketplace.

The Hart-Scott-Rodino (HSR) Premerger Notification Act provides the FTC an effective starting point for identifying anticompetitive mergers and taking action to block or remedy these mergers before they are consummated. The FTC administers the HSR program both for itself and for the Department of Justice's (DOJ) Antitrust Division, which shares authority to challenge anticompetitive mergers. The FTC also uses trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR.

On the nonmerger side, there is no comparable statutorily mandated program to help identify anticompetitive business practices. The FTC must instead employ a variety of methods to identify potentially anticompetitive practices (for example, consumer and competitor complaints, referrals from other government agencies, and monitoring the trade press).

Strategies

- Make efficient use of the initial period after HSR filings to determine whether a more detailed investigation is needed to assess whether a merger is likely to harm competition.
- Use trade press articles, consumer and competitor complaints, and other means to identify potentially anticompetitive mergers that were not required to be reported under HSR, or that were not reported in violation of HSR.
- Use and improve existing techniques for identifying potentially anticompetitive business practices, such as monitoring the trade press, responding to and following up on case leads by Congressional offices, other Executive Branch agencies, state and local governments, and potentially aggrieved parties.
- When appropriate, use compulsory process in merger and nonmerger investigations to obtain additional information needed to make an informed judgment about the anticompetitive potential of mergers and nonmerger practices.
- Negotiate consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects and ensure that administrative litigation and adjudication reach a timely resolution.
- Continue to seek improvements in both the substantive aspects of remedies, as well as the process by which they are derived.
- Monitor and enforce compliance with consent decrees and orders and monitor and enforce compliance with HSR reporting obligations.

FY 2012 and FY 2013 Implementation Plan

- Resolve anticompetitive mergers and practices, where possible, by negotiating consent orders that secure relief with significant remedial, precedential, and deterrent effects without the need for litigation.
- Challenge anticompetitive mergers and business practices in federal court or through administrative litigation, and obtain relief with significant remedial, precedential, and deterrent effects.
- Continue effective administration of the review of nonmerger practices so that the FTC may investigate those that raise potentially significant competitive issues.
- Employ integrated teams of lawyers, economists, and other professionals to conduct an economically sound, fact-based analysis of mergers and other potentially anticompetitive business practices.

- Continue to improve the investigative skills and antitrust analysis training programs and continue to improve negotiation and litigation skills and refine investigative and decisional tools through continuous learning and identification of “best practices.”
- Retain outside experts and consultants in relevant fields of expertise, as needed, when enforcement outcomes would be enhanced by specialized supplementary resources.
- Work with state or local officials, other federal agencies, and international agencies to maximize resources in taking action against anticompetitive mergers and business practices, and to minimize, to the extent possible, burdens on enforcers and business and duplication of effort, and to avoid conflicting remedies.
- Expedite the investigatory process including possible revisions to Part 2 of the FTC Rules of Practice.
- Assess whether revisions to the enforcement guidelines are required.
- Apply the merger process reforms to conduct investigations more efficiently, and continue to assess areas where improvements can be implemented in order to enhance enforcement outcomes while minimizing burdens on business.
- Continue to integrate e-government initiatives into mission activities.
- Apply the results of hearings, conferences, reports, studies, and workshops on significant competition issues to FTC case generation, investigation, and enforcement practices.
- Continue to monitor implementation of divestitures and other requirements of the FTC’s merger consent orders. Seek civil penalties where appropriate if a respondent fails to fulfill its obligations under an order in a timely fashion.
- Improve the integration of budget and performance by linking goals and objectives to results; develop improved processes for use and analysis of management data.
- Collect data, for management review, regarding the FTC’s efficiency in conducting investigations, such as the amount of time required to complete the HSR review process, the number of HSR matters requiring issuance of an investigative second request, the number of HSR and significant nonmerger investigations that result in enforcement action, the number of hours of staff time spent on investigations, and other costs associated with investigations.

Performance Measures

- Actions to maintain competition, including litigated victories, consent orders, abandoned, restructured, or fix-it-first transactions in a significant percentage of substantial merger and nonmerger investigations.
 - » Filed Preliminary Injunctions or Permanent Injunctions, administrative litigations that are still pending, and abandoned, restructured, and fix-it-first enforcement actions that occurred without a second request or compulsory process are not included in “actions.”
 - » “Significant percentage” refers to the 40 to 60 percent target.
 - » “Substantial investigation” includes, for merger investigations, second request, and compulsory process investigations. For nonmerger investigations, this refers to investigations where staff logged more than 150 hours.
- Consumer savings of at least \$500 million through merger actions to maintain competition.*
- Actions against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.*
- Consumer savings of at least 13 times the amount of FTC resources allocated to the merger program. *
- Consumer savings of at least \$450 million through nonmerger actions taken to maintain competition.*
- Actions against anticompetitive conduct in markets with a total of at least \$12 billion in annual sales.*
- Consumer savings of at least twenty times the amount of FTC resources allocated to the nonmerger program.*
- The percentage of cases in which the FTC had at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.

These measures evaluate agency performance in several ways: the percentage of substantial investigations that have positive results (i.e., litigated victories, consent orders, or abandoned, fix-it-first, or restructured transactions), the volume of commerce affected (benefitted) by merger and nonmerger actions to maintain

*External factors may cause the results to fluctuate significantly from year to year. As a result, the agency’s performance for these measures will be assessed each year by calculating the average of current year plus the previous four years.

competition, the estimated dollar savings to consumers resulting from merger and nonmerger actions, and the estimated dollar savings to consumers per dollar of enforcement resources.

In the absence of case-specific information, the dollar savings to consumers is conservatively estimated as one percent of the volume of commerce in the affected markets (for two years in merger cases and for one year in nonmerger cases). It is not intended as a precise estimate of consumer savings, but, rather, as an indication of general magnitude. A more precise estimate based on case-specific information will be used whenever possible. The use of a volume of sales performance measure does not mean that the FTC will only investigate and take enforcement action in markets with large sales volumes. The FTC will continue to investigate and take enforcement action as necessary in all markets where considerable consumer harm is likely. The benchmarks for the estimated dollar savings to consumers per dollar of enforcement resources for merger and nonmerger actions are based on historical experience, reflecting the different mix of cases and the different investigative and enforcement processes.

These measures will help guide the agency in challenging conduct that causes substantial consumer injury through targeting of its resources effectively and efficiently. These measures evaluate appropriate investigation, case selection, and resolution, whether through litigation or settlement, as well as the crafting of sufficient and effective remedies.

Evaluations

- Assess the scope of the FTC's annual merger actions to maintain competition, as reflected by the volume of commerce in markets in which the agency took merger actions.
- Determine whether the total volume of commerce in such markets is likely to reach \$25 billion and determine whether the level of consumer savings is likely to reach \$500 million.
- Compare the likely impact in these markets to the resources spent on the mission.
- Assess the scope of the FTC's annual nonmerger actions to maintain competition, as reflected by the volume of commerce in markets in which the agency took nonmerger actions.
- Determine whether the total volume of commerce in such markets is likely to reach \$128 billion and determine whether the level of consumer savings is likely to reach \$450 million.

- Compare the likely impact in these markets to the resources spent on the mission.
- Assess qualitatively the deterrence value and precedential significance of the enforcement actions brought during each year.
- Evaluate litigation performance for lessons that may be applicable to future litigation.
- Assess markets where investigations were closed without enforcement action and consider whether competition was harmed in the markets resulting in substantial consumer injury, and use this information to guide and enhance the agency's future investigations and enforcement actions.
- Assess the burden imposed on merger parties by the HSR merger investigation process, explore ways of reducing that burden without compromising effectiveness of investigations, and explore methods of measuring HSR compliance burden.
- Assess the FTC's efficiency in conducting antitrust investigations, explore ways to increase efficient use of investigatory resources and reduce burdens on business including through international cooperation mechanisms, and explore whether efficiency in conducting investigations can more meaningfully be measured.

Objective 2.2: Prevent consumer injury through education

Educating consumers and businesses about competition law and policy is a critical part of the FTC's mission. Informing businesses and their legal advisers about potential antitrust violations deters anticompetitive mergers and anticompetitive business practices from being proposed and reduces businesses' cost of compliance. Educating consumers about their rights and their ability to bring violations to the FTC's attention reduces the cost of identifying anticompetitive conduct. Providing consumers and businesses with information about how antitrust enforcement benefits the common good and also encourages cooperation with the FTC's investigations and enforcement actions.

Strategies

- Educate consumers and businesses about antitrust issues through traditional means such as guidelines, advisory opinions, reports, articles in professional

or other publications, speeches, and participation in professional organizations as well as through the FTC website, emails, and in press releases.

- Engage in outreach to lay groups and other stakeholders to provide information about the work of the FTC and basic principles of economics and competition.
- Engage in outreach to foreign competition agencies to facilitate the agency's efforts to promote convergence toward sound consumer-welfare-based competition enforcement and policy.

FY 2012 and FY 2013 Implementation Plan

- Monitor the content of complaints, press releases, and analyses to aid public comment to ensure they are "transparent," that is, that they explain in sufficient detail and with sufficient clarity the evidence and theory of a case, within the constraints of confidentiality requirements.
- Expand the use of other public statements to explain why the Commission elected not to take enforcement action in certain matters to further improve the public's understanding of the FTC's enforcement policies.
- Issue guidance to help businesses understand and comply with the application of the antitrust laws in certain areas, such as horizontal mergers, international operations, intellectual property, and health care.
- Continue to provide Commission and staff advisory opinions on various competition issues; continue to provide guidance in response to informal requests, particularly concerning HSR matters.
- Publish guidance issued by the FTC, including written releases, texts of speeches, Bureau of Economics reports, and other materials that explain the FTC's policies and procedures on the FTC website.
- Seek the participation of businesses and consumer groups in conferences, workshops, and hearings and continue to disseminate the materials relating to these events, including transcripts, written submissions, and reports.
- Continue to have Commissioners and staff speak at and participate in seminars, panel discussions, and conferences to explain how the FTC analyzes mergers and other business practices.
- When opportunities arise, engage in outreach to lay groups to provide information about the work of the FTC and basic principles of economics and competition.

- Engage in outreach to foreign competition authorities, practitioners, and international competition organizations.
- Develop and implement increasingly sophisticated web metric and analytical tools that will allow for a more accurate and representative view of the volume of traffic on the FTC’s antitrust related webpages. Monitor the results generated by the new web metric applications and, where necessary, make adjustments to the corresponding target.

Performance Measure

- Competition resources accessed via the FTC’s website.

Evaluations

- Evaluate what antitrust content on the FTC website generates the largest amount of public interest, and why, and use this information in setting future priorities.
- Seek input from consumer groups, business groups, bar groups, international competition organizations, and other FTC “customers” on the effectiveness of FTC educational efforts.
- Evaluate the transparency of FTC merger review policy by assessing the extent to which significant changes in such policy are communicated to stakeholders.

Objective 2.3: Enhance consumer benefit through research, reports, and advocacy

In addition to its enforcement authority, the FTC has the unique jurisdiction to gather, analyze, and disseminate certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses that authority to hold public hearings, convene conferences and workshops, conduct economic studies on competition issues of significant public importance, and issue reports of its findings.

This authority advances the competition mission in numerous ways. The agency uses the information internally to refine the theoretical framework for analyzing competition issues and the empirical understanding of industry practices, which contributes substantially to an effective response to changing marketplace conditions. The information gained through this authority, combined with the agency’s professional expertise on competition issues, also contributes to a better understanding of business practices and their competitive and economic implications on various entities, including the business sector, the legal community, other enforce-

ment authorities, the judiciary, and governmental decision makers and policymakers at the federal, state, and local levels.

In particular, the agency testifies before Congress on competition issues. The FTC uses its expertise to encourage governmental actors at all levels to evaluate both the costs and the benefits of their policies for consumers, and to ensure such policies promote consumer benefit. This advocacy includes formal and informal dialogue with state and federal policymakers and amicus curiae briefs filed with state and federal courts.

Strategies

- Conduct public hearings, conferences, and workshops that bring together interested parties to enhance understanding of various practices and developments in the marketplace.
- Conduct studies as requested by Congress and other studies as appropriate.
- Conduct economic studies of the effects of business actions on competition and consumers in accordance with agency data quality standards, as applicable, to ensure the quality of information that may be disseminated publicly.
- Target advocacy activities to encourage state and federal government policymakers to evaluate both the costs and the benefits of their policies for consumers, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- File amicus curiae briefs with state and federal courts deciding important competition policy issues urging them to adopt legal rules that benefit consumers by promoting competition.

FY 2012 and FY 2013 Implementation Plan

- Conduct hearings, conferences, and workshops on significant competition issues.
- Continue to support outreach efforts to international bodies and foreign agency officials and practitioners to explain U.S. antitrust perspectives on competition theories and approaches, participate in dialogue with competition authorities of other countries and international organizations on transnational competition issues that affect American consumers and businesses, continue to aid young competition regimes with the development of antitrust laws and policies by designing and conducting technical assistance programs.
- File comments or otherwise engage in advocacy with state, federal, and foreign government policymakers to encourage them to adopt policies that

maximize consumer welfare by evaluating both the costs and the benefits of their policies for consumers.

- Prepare amicus briefs addressing important competition policy issues under consideration in court proceedings.

Performance Measures

- Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.
- Reports and studies issued on key competition-related topics.
- Advocacy comments and amicus briefs on competition issues filed with entities including federal and state legislatures, agencies, or courts.
- The percentage of respondents finding the FTC's advocacy comments and amicus briefs useful. (Note that "usefulness" is assessed by the recipient; the target percentage recognizes that comments critiquing a recipient's proposed action may not be assessed positively.)
- The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.

These measures will help ensure that the agency is engaging in appropriate types and sufficient levels of research, reports, and advocacy to ensure that they are relevant to consumers, policymakers, business, and the legal community.

Evaluations

- Include evaluation forms with workshop and conference materials to help assess whether the workshops and conferences are an effective means of joining the debate relating to these issues.
- Seek input from consumer groups, business groups, bar groups, and others on the value of the agency's research, reports, advocacy submissions, and international activities relating to the competition mission.
- Evaluate whether the FTC is filing comments or otherwise engaging in advocacy with state and federal policymakers on competition policies that will have a significant impact on consumers.
- Assess whether the recipients of these comments give weight to the views expressed in these comments in making policy decisions that affect consumers.

Objective 2.4: Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy

The FTC continues to build cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies and practices. The FTC seeks more effective, coordinated reviews of multijurisdictional mergers, and is working towards achieving consistent outcomes in cases of potential unilateral anticompetitive conduct. Participation in multilateral competition organizations provides valuable opportunities to promote international cooperation and convergence and for competition officials to share insights on law enforcement and policy initiatives.

Strategies

- Pursue the development of an international market-based competition model that focuses on the maximization of consumer benefit.
- Influence policy development and implementation through multilateral organizations and bilateral relations.
- Provide technical assistance to newer competition agencies to enhance their ability to apply sound competition policies.

FY 2012 and FY 2013 Implementation Plan

- Maintain the FTC leadership role in the International Competition Network, including through participating in substantive groups on unilateral conduct, merger procedures, the online curriculum project, and the Steering Group.
- Enhance our participation in other key multilateral and regional fora, including OECD, UNCTAD, and APEC.
- Advance cooperation and convergence with foreign competition agencies by further improving cooperation in merger matters and on single firm conduct policy and enforcement, including through leadership on multilateral initiatives to promote cooperation and convergence.
- Strengthen relations with the Chinese and Indian competition agencies through dialogue on legislative initiatives and case cooperation as appropriate, and the provision of technical assistance.

- Work with other US agencies in intergovernmental fora that address competition issues.
- Maintain and improve the FTC technical assistance program.
- Maintain and improve the International Fellows and exchange programs.

Performance Measures

- Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.
- Technical assistance provided to foreign competition authorities.

These measures address the scope of our contact with international counterparts and help determine if our efforts are sufficiently broad-based.

Program Evaluations

- Where feasible, evaluate whether the advice and comments that the FTC provides to foreign government agencies and international organizations have been considered by the recipients in their policy development.
- Evaluate completed technical assistance missions to determine, from the perspective of participants and their managers, whether the assistance was deemed valuable.

Strategic Goal 3: Advance Performance

Advance the FTC's performance through organizational, individual, and management excellence

The FTC recognizes that a strong foundation of organizational, individual, and management excellence is a driver of mission success. Goal 3 embodies cross-cutting, ongoing efforts to advance mission performance and enable Goal 1 and Goal 2 to focus on protecting consumers and maintaining competition. Collaborative in nature, this goal captures shared responsibility for agency excellence on behalf of all who rely on the FTC to be an effective guardian of informed consumer choice and free and open markets.

The four objectives supporting this goal align with four key functional areas: human resources, infrastructure and security, information resources, and finance and acquisition. In carrying out our strategies, we will undertake a range of efforts – from managing employees effectively to exercising responsible stewardship of taxpayer dollars. Work in these areas is intended to foster a culture of leadership and accountability and to create conditions that enable decision making while establishing a framework of planning, administration, and management. At the individual level, all employees are expected to assume leadership roles in their areas of responsibility by exhibiting a willingness to develop and coach others, a commitment to teamwork and collaboration, and a drive to meet challenges with innovation and urgency. Collectively, these efforts lay the groundwork for achieving organizational, individual, and management excellence.

Objective 3.1: Provide effective human resources management

This objective is aligned with our Human Capital Plan, which encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction. We use an integrated approach that ensures human capital programs and policies are linked to the mission, goals, and strategies, while providing for continuous improvement in efficiency and effectiveness. This objective captures our work ensuring that we have the right talent in the right positions at the right time to meet the challenges of the 21st century by attracting, developing, motivating, and retaining a highly skilled and diverse workforce.

Strategies

- Implement programs and processes that will enable the agency to quickly recruit, develop, and retain a qualified, diverse workforce through an integrated workforce plan.
- Use the integrated workforce plan to identify and fulfill current and future human resources needs to carry out the mission.
- Create an agency-wide performance culture focused on individual and organizational accountability toward the achievement of the FTC's programmatic goals and priorities.
- Implement an employee survey to measure employees' perceptions about conditions that characterize successful organizations, such as leadership quality, performance culture, and talent capacity at the FTC.
- Provide human resources management training and outreach to staff.
- Support employees' efforts to improve their knowledge base and skills in a variety of ways, e.g., by participating in professional activities related to the FTC's mission.

FY 2012 and FY 2013 Implementation Plan

- Promote and expand the use of human resources flexibilities throughout the FTC.
- Use innovative ways to reach out to managers, supervisors, and employees on human resources issues.
- Identify and implement business process improvements through effective use of technology to facilitate FTC's human resources.

Performance Measures

- The extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.
- The extent employees think the organization has the talent necessary to achieve organizational goals.

These performance measures address central aspects of this objective. The FTC recognizes that its employees are its greatest asset and places great emphasis on the importance of human resources management to the successful accomplishment of its mission. The FTC seeks employee feedback on the extent they believe the organization culture promotes improvement in processes, products and services, and

outcomes and the extent the FTC has the right talent in the right positions at the right time to carry out the mission.

Program Evaluations

- Assess whether the FTC's human capital policies, programs, and processes are addressing the areas identified by employees gathered by the agency annually through the employee survey.
- Review current programs and processes, identify what changes would be helpful, and implement those changes.

Objective 3.2: Provide effective infrastructure and security management

This objective encompasses building, modernizing, and maintaining physical and information technology infrastructure to ensure a safe and secure workplace, to achieve mission goals, and to respond to and anticipate both routine and emergency agency requirements. The agency's Continuity of Operations Plan (COOP) represents a principal initiative under this objective. The Federal Emergency Management Agency (FEMA) conducts annual testing of all federal agency COOP programs. Each federal agency is graded on its responses to the questions and their communication methods by FEMA staff. A second important initiative involves facilities management and space usage. The FTC works with General Services Administration (GSA) to lease space and assesses staff requirements to anticipate needs for outfitting the buildings with adequate work space, conference space and storage space. Finally, managing technical infrastructure and ensuring the availability and reliability of the agency computer and communication facilities represents another important dimension of our work under this initiative.

Strategies

- Promote staff awareness by regularly participating in COOP testing.
- Continue incorporating best practices and gleaned knowledge from FEMA staff.
- Determine, in cooperation with GSA, best space usage alternatives, including identifying a new site for staff currently housed at the New Jersey Avenue and 1800 M Street buildings in Washington, DC.
- Continue to take advantage of cost-effective IT solutions.

- Increase internal network performance auditing and monitoring.
- Inform and educate customers within the agency about IT systems vulnerabilities and/or unusual network activity.
- Provide annual information security and privacy awareness training and outreach to staff.
- Ensure that staff has continued access to current, authoritative reference materials in FTC mission areas.

FY 2012 and FY 2013 Implementation Plan

- Evaluate COOP rating and determine support requirements.
- Continue partnership with GSA leasing specialists.
- Research alternatives such as telework participation, job sharing, and housing staff off-site.

Performance Measures

- A favorable Continuity of Operations (COOP) rating.
- Availability of information technology systems.

These measures gauge important dimensions of maintaining physical and information technology infrastructure and security. A COOP rating offers insight to agency preparedness across a wide spectrum of issues related to facility and operations management. Network availability addresses the reliability of the FTC computer and communications systems.

Program Evaluations

- Assess COOP funding against results, determine further staffing requirements, and determine cost to further maintain the program.
- Collect feedback from GSA Tenant Surveys and from FTC staff.
- Perform periodic reviews of the percentage of utilized space.

Objective 3.3: Provide effective information resources management

The FTC recognizes that sound management of information resources is essential to meeting its strategic goals. The agency manages information in order to enable staff to make thoughtful decisions and perform their work, to facilitate appropriate public access, and to protect sensitive information from inappropriate access and release. The agency is undergoing a multiyear transition to managing information resources in an electronic format as one of the best means of meeting this objective.

Strategies

- Implement a comprehensive retention schedule authorizing maintenance and disposition of agency records in electronic format that has been approved by the National Archives and Records Administration (NARA).
- Utilize an electronic document management system (EDMS) to house work product and official records.
- Identify and implement business process improvements through effective use of technology.
- Develop and implement additional information management policies and procedures.
- Provide information and records management training and outreach to staff.

FY 2012 and FY 2013 Implementation Plan

- Promote and expand the use of the EDMS to house work product and official records.
- Identify and implement business process improvements through effective use of technology to facilitate the Commission's decision making processes and its management of cases.
- Promote the use of web-based e-filing of public comments in FTC rulemakings and other proceedings which seek public comments, to facilitate public participation and web posting of comments.
- Promote the use of web-based e-filing in FTC adjudicative proceedings under Part 3 of the Rules of Practice, to facilitate filing by participants in those proceedings and web posting of public filings.

- Provide information and records management training and outreach to staff, with special emphasis on managing information electronically throughout its lifecycle.

Performance Measure

- The percentage of Commission approved documents in ongoing and newly initiated FTC proceedings available via the Internet within 15 days of becoming part of the public record.

This performance measure facilitates public awareness of and participation in Commission activities. Timely availability of public documents gauges the depth and scope of our transparency in this area.

Program Evaluations

- Assess whether particular e-file structures are appropriate for organizing various types of information.
- Review the means by which FTC maintains and monitors access restrictions to sensitive electronic files.
- Assess training needs.

Objective 3.4: Provide effective financial and acquisition management

Resource stewardship and financial oversight are fundamental to establishing the accountability and transparency through which organization, individual, and management excellence are fostered. Effective financial and acquisition management means that the FTC protects American consumers and maintains competition in a fiscally responsible manner. Doing so remains one of our top priorities.

Our work in this area covers a wide range of administrative and operational efforts such as formulating and executing the agency budget, managing acquisition activities, overseeing the internal control program, managing accounting operations, spearheading audit resolution, and ensuring compliance with various financial management laws and regulations. By promoting consistency and integrity throughout the organization, these initiatives and others like them contribute not only to efficient program delivery, but also to effective and efficient agency administration overall. These efforts are critical to maintaining the management infrastructure needed to carry out our mission.

Strategies

- Integrate disparate systems with the agency's core financial system.
- Align resources to strategic priorities and outcomes so we will be focused on our most important tasks and programs.
- Enhance the internal control environment through developing and maintaining appropriate guidance and training for all staff.
- Implement the best business solutions to accomplish our goals through world-class acquisition and business processes.
- Cooperate with the Office of Inspector General on audits and investigations of FTC programs and operations.

FY 2012 and FY 2013 Implementation Plan

- Enhance the reporting capabilities within the integrated financial system to provide timelier, more accurate, and more reliable financial information to agency decision makers.
- Document improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.

Performance Measures

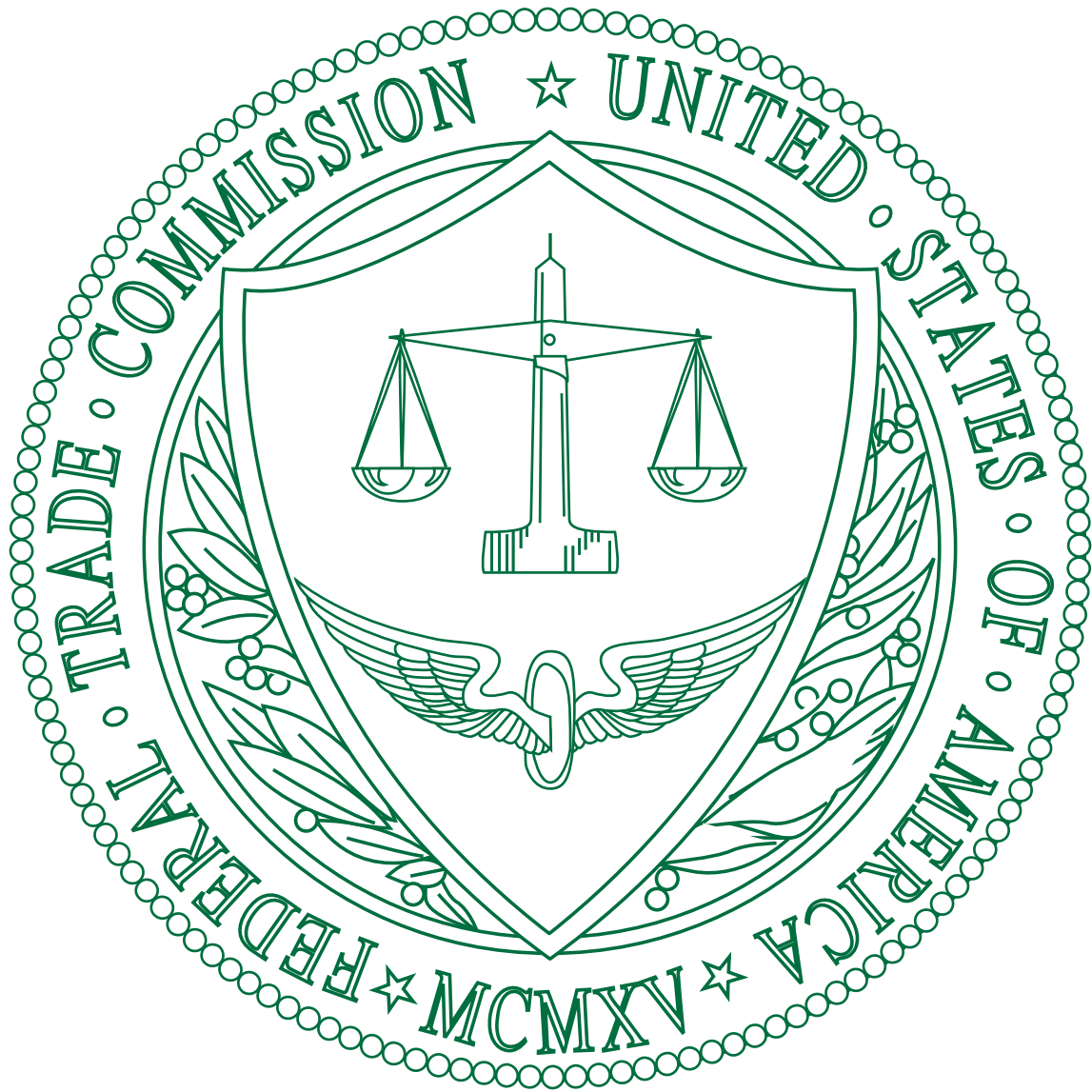
- Independent auditor's financial statement audit results.
- The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.
- Performance against the Small Business Administration's government-wide small business procurement goals.

Together, these measures address the most important aspects of this objective. The financial statement audit determines whether our financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit also addresses internal controls over financial reporting, and compliance with applicable laws and regulations. The internal control measure demonstrates our commitment throughout the agency to promote integrity, efficiency, effectiveness, and economy. Achieving our small business procurement goal demonstrates that our procurements meet or exceed a major federal acquisition standard.

Program Evaluations

- Assess internal administrative and programmatic operations to address areas that need improvement.
- Assess our acquisition procedures to see if federal regulations and standards are met and that contracting officer's representatives (CORs) meet mandatory training requirements.
- Review financial and feeder system implementation goals to ensure that user needs and federal standards and requirements are met.

Descriptions



Protect Consumers

The FTC's goal to protect consumers is advanced by five law enforcement functions (Financial Practices, Privacy and Identity Protection, Marketing Practices, Advertising Practices, and Enforcement) augmented by Planning and Information, Consumer and Business Education, Economic and Consumer Policy Analysis, and Management. Staff in the FTC's seven regions also support this goal by bringing a variety of consumer protection cases and maintaining important contacts with state Attorneys General and other state and local consumer protection officials.

Budget by Activity (\$ in thousands)

	Fiscal Year 2012		Fiscal Year 2013	
	FTE	Dollars	FTE	Dollars
Financial Practices	102	\$16,821	105	\$17,629
Privacy and Identity Protection	51	8,596	51	8,713
Marketing Practices	97	27,490	98	29,316
Advertising Practices	57	9,579	57	9,718
Enforcement	55	9,289	55	9,423
Planning and Information	50	8,521	50	8,646
Consumer and Business Education	21	6,073	21	5,949
Economic and Consumer Policy Analysis	6	953	5	799
Management	27	4,579	27	4,643
Subtotal Direct	466	\$91,901	469	\$94,836
Support	172	83,851	173	74,681
Total	638	\$175,752	642	\$169,517

FINANCIAL PRACTICES

Financial services play an important role in the daily lives of virtually all Americans. Financial Practices promotes truthfulness and fairness in the provision of these services by entities within the FTC's jurisdiction, so that consumers can make better-informed decisions.

- **Mortgage Relief Services:** Financial Practices targets firms that make deceptive claims to consumers in offering them mortgage loan modification or foreclosure rescue services. These claims mislead consumers who are already in financial distress as to who is providing these services, what services they will provide, and how much they charge for them. Victims typically receive services of little or no value for the fee they pay, and sometimes lose their homes.
- **Mortgage Lending and Servicing:** Financial Practices leads nationwide efforts to enforce laws against deceptive or unfair lending or loan servicing practices by non-bank mortgage companies, particularly with respect to subprime mortgages. The FTC pursues this goal by challenging practices as unfair or deceptive under the FTC Act or in violation of the Truth in Lending Act or other financial statutes enforced by the FTC. Financial Practices also enforces the Equal Credit Opportunity Act, which prohibits discrimination in granting or pricing credit.
- **Debt Collection:** The Fair Debt Collection Practices Act prohibits deceptive, unfair, and abusive debt collection practices that can harm consumers who are unable to pay their debts due to job loss or other financial problems. The FTC uses enforcement and education to protect consumers from such harmful debt collection practices. Financial Practices also conducts public workshops and makes policy recommendations on developments in the debt collection marketplace.
- **Debt Relief Services:** Many consumers struggle to pay the bills for their credit cards and other forms of credit. Debt settlement, credit counseling, and debt negotiation companies often promise to assist financially distressed consumers in reducing or renegotiating their debts with creditors. Although some of these firms do provide assistance, others mislead consumers about who they are, what they can do, or how much they charge. Victims of the deception may find themselves in even more dire financial straits than before. Along with our law enforcement partners, Financial Practices works to protect consumers in this critical area through law enforcement, rulemaking, and consumer and business education.
- **Deception Relating to Other Financial Services:** Financial Practices broadly targets deception in the marketing and provision of a diverse array of finan-

cial products and services, including payday loans, credit repair, and auto financing and other forms of non-mortgage lending. Financial Practices also leads the FTC's regulatory and law enforcement efforts with respect to the practices of motor vehicle dealers, most of whom were exempted from the authority of the Consumer Financial Protection Bureau by the Dodd-Frank Act.

PRIVACY AND IDENTITY PROTECTION

The goal of Privacy and Identity Protection is to protect consumers' privacy, while balancing the benefits to consumers and competition from the flow of information in our marketplace economy, and to help consumers prevent, mitigate, and remediate the damage caused by theft of their identities. This program uses a mixture of law enforcement, rulemaking, consumer and business education, victims' assistance, information gathering, and industry outreach to accomplish this goal.

- **Consumer Privacy:** Privacy and Identity Protection takes a leading role in nationwide efforts to protect consumers from unfair, deceptive, or other illegal practices related to their privacy. A central part of this program is law enforcement under Section 5 of the FTC Act, including cases in which companies have misrepresented their policies about the use of personal information they collect from consumers or failed to take appropriate steps to protect the security of sensitive personal information. In addition to its enforcement efforts, the FTC has promoted transparency and informed consumer choice about companies' privacy practices and continued to encourage the development of effective self-regulatory approaches in this area. In the area of financial privacy, the FTC enforces its rule implementing the privacy provisions of the Gramm-Leach-Bliley Act. The FTC also enforces its Safeguards Rule, which requires financial institutions to implement reasonable administrative, technical, and physical safeguards to protect customer records and information.
- **Accuracy and Privacy of Credit Information:** Privacy and Identity Protection works to ensure the accuracy and privacy of consumer information used to screen applicants for loans, jobs, insurance, and other benefits. This effort is pursued through enforcement of the Fair Credit Reporting Act (FCRA), which holds credit bureaus and furnishers of information responsible for the accuracy of credit report information, gives consumers the right to check and correct their credit reports, limits how such information may be used, and requires reasonable procedures to ensure that such information is obtained only by entities with a permissible purpose to use it.
- **Identity Theft:** In the years since the Identity Theft and Assumption Deterrence Act of 1998 charged the FTC with developing a centralized consumer complaint, victim assistance, and education service for the public on

avoiding identity theft, the FTC has become the leading source of this information for consumer assistance and law enforcement training. A toll-free number and online complaint form enable consumers to report incidents of identity theft and receive information on ways to minimize their exposure to identity theft and repair the harm inflicted by this crime. The complaints are entered into the FTC's Consumer Sentinel Network, which is accessible to domestic law enforcers.

MARKETING PRACTICES

Marketing Practices fights frauds that target consumers impacted by the economic downturn and tight labor market, protects consumers using the Internet and new technologies, spearheads the FTC's efforts to fight spam and violations of the Do Not Call Rule, attacks telemarketing and online frauds, and enforces the Commission's rules that protect purchasers of franchises and business opportunities, funeral services, and certain products with warranties.

- **Economic Downturn:** Marketing Practices litigates against frauds affecting the poor and under-served communities, such as deceptive offers of health insurance or income opportunities through jobs, investment, government grants, or other scams. It also leads the FTC's efforts to combat deception in the sale of prepaid phone cards. Marketing Practices coordinates its work with the state Attorneys General, other federal enforcers, and private sector partners, to obtain maximum impact.
- **Internet Fraud:** Marketing Practices leads the FTC's law enforcement efforts to prevent and halt online fraud. The core of this activity rests on staff initiatives to keep pace with the latest Internet schemes, as well as undercover surveillance and rapid law enforcement response when fraudulent and unfair schemes are detected. Along with Advertising Practices, Marketing Practices also challenges the deceptive and unfair use of spyware.
- **Telecommunications and New Technologies:** Marketing Practices uses Section 5 of the FTC Act to challenge practices – such as cramming – that use various components of the telecommunications system to victimize consumers. Studying new communications technologies, such as mobile marketing, helps staff anticipate and prevent fraud. The convergence of various applications onto single devices, using any type of Internet access service, whether for communications, payment, entertainment, or other purposes, raises important consumer protection issues. Marketing Practices is leading the agency's work to stay abreast of these developments.
- **Spam:** Marketing Practices enforces the CAN-SPAM (Controlling the Assault of Non-Solicited Pornography and Marketing) Act of 2003, and coordinates

the FTC's development of law enforcement strategies to deter the deceptive or unfair use of unsolicited commercial email, typically sent in bulk. It also studies and prepares reports, and works with domestic and foreign partners to identify the most egregious spam problems, takes action to stop them, and encourages technological advances, such as Domain Level Email Authentication, to address the harms resulting from spam.

- **Do Not Call:** Marketing Practices developed the FTC's Do Not Call amendments to the Telemarketing Sales Rule (TSR), including amendments relating to prerecorded calls ("robocalls"), and leads the enforcement, compliance, and education efforts to implement these amendments.
- **Telemarketing Fraud:** Marketing Practices enforces the TSR, and uses Section 5 of the FTC Act to halt deceptive telemarketing schemes. Working closely with the state Attorneys General, other federal law enforcers, and private sector partners, Marketing Practices targets areas for law enforcement, organizes enforcement sweeps, and helps publicize consumer and business education to reduce telemarketing fraud.
- **Payment Processors:** Marketing Practices targets law enforcement against third-party entities that facilitate fraud, such as payment processors that provide fraudulent merchants with access to the banking or credit card systems.
- **Rule Enforcement:** Marketing Practices enforces the FTC's Franchise Rule, amended in 2007, and is developing a separate rule to require a streamlined disclosure document covering business opportunities. Marketing Practices also is responsible for enforcement of the Magnusson-Moss Warranty Act relating to warranties, and it coordinates the agency's enforcement of the Funeral Rule.

ADVERTISING PRACTICES

Advertising Practices enforces the nation's "truth-in-advertising" laws and, through reports, advocacy, and industry outreach, articulates the FTC's policies on the regulation of advertising, including marketing to children. Whether ads appear on television or radio, in newspapers or magazines, on the Internet, or through word-of-mouth, these laws require companies to tell the truth and to back up their claims with reliable, objective evidence. Advertising Practices uses a variety of tools to protect consumers from misleading claims, including bringing law enforcement actions in federal and administrative courts, providing guidance to industries, advocating effective self-regulation by the advertising industry and better ad screening by the media, and providing consumer and business education. Working to protect consumers' health, safety, and economic interests, these efforts span a broad range of products and practices.

- **Advertising for Foods, Over-the-Counter Drugs, Dietary Supplements, and Medical Devices:** Advertising Practices devotes substantial resources to ensuring the accuracy of health claims in advertising and takes action against companies making deceptive representations. In addition to traditional law enforcement actions, the FTC creates education materials to help companies understand the need for adequate substantiation and information to help consumers spot deceptive claims.
- **Health Care and Weight Loss:** Each year consumers spend billions of dollars purchasing pills, potions, and therapies to treat and prevent serious diseases such as cancer and diabetes, and to achieve weight loss. The FTC works with other federal agencies and partners to combat misleading claims by providers of these products and services by sending warning letters targeting the scams “du jour” and bringing law enforcement actions. Other activities include conducting consumer education campaigns to assist consumers in avoiding fraudulent health care and weight loss products.
- **Advertising High-Tech Products and Services:** New high-tech products and services emerge every year. Consumers may have little information about how these products and services work, and also may not understand the possible ramifications of using those products and services. In this rapidly evolving marketplace, the FTC Act’s basic principle, that advertising must be truthful and substantiated, takes on even more importance. Advertising Practices has held public workshops, issued reports, brought law enforcement actions, encouraged industry self-regulation, and engaged in consumer education in many emerging market areas.
- **Children’s Privacy:** Responding to the increasing popularity of social networking websites where consumers provide their personal information, Advertising Practices vigorously enforces the Children’s Online Privacy Protection Act (COPPA) Rule, and is currently evaluating whether the rule needs to be revised in light of emerging technologies. Advertising Practices is also investigating the mobile marketplace to ensure companies are complying with the law in that medium.
- **Childhood Obesity and Food Marketing to Children:** Advertising Practices has been leading the FTC’s efforts to support self-regulation in the area of food marketing to children. In 2008, the FTC issued a report on the expenditures of 44 major food and beverage companies for food marketing to children ages 2 to 17 during 2006. In 2010, Advertising Practices initiated a follow-up study. In addition, in response to a Congressional directive, Advertising Practices is coordinating a working group with FDA, CDC, and USDA to develop voluntary nutrition principles to guide self regulatory efforts to address food marketing to children.

- **Marketing Violent Entertainment to Children:** The FTC has long been a leader in protecting children from unfair or deceptive advertising and marketing practices. In recent years, Advertising Practices has been an important voice in the ongoing debate about the marketing of violent entertainment to children. Advertising Practices has created a page on the FTC's website providing information on this issue, as well as access to an online consumer complaint form and a consumer alert on decoding the video game rating system. The FTC publishes periodic reports on the ability of teens under age 17 to purchase age-restricted violent products.
- **Tobacco and Alcohol Advertising:** Advertising Practices leads the FTC's efforts to stop the deceptive or unfair marketing of tobacco and alcohol, administers federal laws governing the rotation of health warnings on ads and packaging for cigarettes, publishes reports on cigarette and smokeless tobacco advertising and marketing, and enforces the broadcast ban on advertising for smokeless tobacco. The FTC is working with FDA to transfer certain of these responsibilities to FDA pursuant to the recently enacted Family Smoking Prevention and Tobacco Control Act. Advertising Practices also monitors self-regulation of the alcohol advertising industry, encourages improved standards and compliance, and reports to Congress on this issue.

ENFORCEMENT

Enforcement litigates civil contempt and civil penalty actions to enforce federal court injunctions and administrative orders in consumer protection cases; coordinates actions with criminal law enforcement agencies through its Criminal Liaison Unit; develops, reviews, and enforces a variety of consumer protection rules and guides; administers the Bureau's green marketing program; coordinates the Hispanic and negative option initiatives; and handles bankruptcy issues that arise in consumer protection cases.

- **Order Enforcement:** Enforcement is responsible for ensuring compliance with all administrative and federal court orders entered in FTC consumer protection cases. To carry out this mission, Enforcement actively monitors compliance with consumer protection orders, conducts investigations of possible order violations, litigates civil contempt actions in federal court to enforce injunctions, and initiates court actions to obtain civil penalties for administrative order violations.
- **Criminal Liaison Unit:** The Criminal Liaison Unit (CLU) encourages criminal prosecution of those responsible for consumer fraud by identifying fraudulent activities, bringing them to the attention of criminal law enforcement authorities, and coordinating civil and criminal enforcement actions. CLU works closely with prosecutors, criminal investigative agents, and FTC staff

to ensure the smooth progress of parallel prosecutions. In addition to identifying and referring specific fraudulent activity, CLU also educates criminal law enforcement authorities about the FTC and its mission, and provides legal and practical advice to FTC staff.

- **Rules and Guides:** Enforcement develops, reviews, and enforces a variety of consumer protection rules and guides. For example, in the energy arena, Enforcement is responsible for rules requiring the disclosure of operating costs of home appliances (the Appliance Labeling Rule), octane ratings for gasoline (the Fuel Rating Rule), and the efficiency rating of home insulation (the R-Value Rule). Enforcement also has responsibility for rules and guides as diverse as the Mail or Telephone Order Merchandise Rule, which requires companies to ship goods when promised; the Textile, Wool, Fur, and Care Labeling Rules, which require proper origin and fiber content labeling of textile, wool, and fur products; and the Jewelry Guides, which provide guidance on the marketing of precious metals, gemstones, and pearls.
- **Green Marketing:** The FTC's Green Marketing program focuses on advertising claims that tout the environmental benefits of products and services. Enforcement administers the program by developing the Commission's Environmental Marketing Guides, litigating enforcement actions, and conducting consumer research and other studies to better understand the marketplace.
- **Hispanic Law Enforcement Initiative:** Enforcement coordinates the Hispanic initiative to prosecute unfair or deceptive practices targeting Hispanic consumers, which FTC data show are twice as likely as non-Hispanic whites to be victims of consumer frauds. The program monitors Spanish language media and complaints filed by Spanish speakers to identify deceptive practices. Enforcement then initiates and coordinates law enforcement actions against a variety of frauds, including immigration-related fraud, deceptive pre-paid phone card sales, business directory scams, and work-at-home and business opportunity scams. The FTC has filed more than 50 actions as part of this initiative since it was established in 2002.

In addition, the FTC is exploring options to enhance our outreach efforts and better combat consumer fraud against Hispanics. The Hispanic population in the United States has increased dramatically (43 percent) over the last decade. In Florida, there has been a 57.4 percent increase in the Hispanic population from 2000 to 2010. In 2010, Hispanics in Florida made up 22.5 percent of the total state population. An option the FTC will consider further is establishing a satellite office in the greater Miami area, which has a large Hispanic population, and is a Spanish language media hub and U.S. business capital.

- **Negative Option Marketing:** Enforcement coordinates the Negative Option Marketing initiative that addresses deceptive practices in the use of negative option offers (i.e., any offer in which a seller interprets consumers' silence, failure to take an affirmative action to reject goods or services, or failure to cancel a sales agreement as acceptance of an offer). To accomplish this mission, Enforcement litigates civil actions against marketers that deceive consumers; hosts workshops with industry representatives, consumer groups, and members of the academic community; and issues reports that discuss marketing trends and provide guidance to industry.
- **Bankruptcy:** Enforcement's bankruptcy/commercial law attorneys represent the Commission in federal bankruptcy court and advise staff generally on a host of bankruptcy and commercial law issues. The bankruptcy group preserves and enforces the Commission's claims for monetary relief, ensures that defendants do not use bankruptcy as a haven from law enforcement actions, and counsels staff on a wide variety of bankruptcy and commercial law issues related to monetary relief.

PLANNING AND INFORMATION

Planning and Information develops, analyzes, and supplies information to assist in targeting law enforcement and educational efforts, measuring the impact of mission activities, and allocating resources. Planning and Information is responsible for various efforts and activities, including:

- **Consumer Response Center:** The Consumer Response Center (CRC) collects consumer complaints and inquiries received by the toll-free consumer complaint lines, 877-FTC-HELP and 877-ID-THEFT, the FTC's Internet complaint forms, and postal mail. Information from these complaints is entered into the FTC's Consumer Sentinel Network (CSN) and used to target law enforcement and consumer and business education activities.
- **National Do Not Call Registry:** Planning and Information is responsible for operation and maintenance of the National Do Not Call Registry. Through this registry, consumers can elect not to receive many telephone solicitations from telemarketers. Telemarketers are required to remove any telephone numbers included in the registry from their calling lists. The registry exceeded 209 million active telephone number registrations in FY 2011.
- **Consumer Sentinel Network:** The Consumer Sentinel Network is a secure website that provides more than 2,000 law enforcement partner agencies worldwide access to more than 16 million consumer fraud, identity theft, financial, and Do Not Call Registry complaints that the FTC has collected during the past five years. The site provides law enforcement access to com-

plaints received by the FTC and other organizations, information from the National Do Not Call Registry, a database of unsolicited commercial e-mail (spam) submitted by the public to spam@uce.gov, as well as other information useful for investigations and prosecutions.

- **Internet Lab:** Planning and Information has established an Internet Lab to stay up-to-date with the technology used to defraud and mislead consumers. Built as a stand-alone network, the Lab is essential to attorneys' and investigators' ability to use technology to detect and capture deceptive Internet activity (e.g., phishing sites, spyware) that harms consumers. The Lab recently expanded to include various mobile devices to investigate consumers' experiences with these devices. The Lab also is used to facilitate "surf days," support litigation, and provide training.
- **Litigation Support:** In an age of increasingly complex technology, staff need access to the best litigation support tools that are available in order to investigate targets and marshal evidence. To fill this need, Planning and Information has a dedicated technical litigation support unit that is responsible for providing advanced technical litigation support services in the areas of data acquisition, computer forensics, document management, analytics, and presentations.
- **Forensic Accounting Support:** Planning and Information has a team of forensic accountants who assist FTC case teams during investigations and litigation against companies engaged in unfair or deceptive acts or practices. These specially trained professionals analyze financial and other records to determine whether money is available for refunds to consumers victimized by these companies.
- **Redress:** Planning and Information houses the Redress Administration Office (RAO), which is responsible for distributing millions of dollars of refunds every year to consumers obtained as a result of FTC lawsuits. The RAO works with the FTC case teams and outside contractors to determine the best and most efficient ways to reach the maximum number of consumers and distribute refunds to them.
- **Operations:** Operations administers the core financial and administrative support activities of the FTC's consumer protection goal. Another important responsibility is the coordination of strategic planning and performance measurement. Strategic planning is integrated with budgeting to provide a road-map to guide staff activities and accomplish the FTC's goals and objectives.

CONSUMER AND BUSINESS EDUCATION

Consumer and Business Education gives consumers the tools they need to make informed decisions in the marketplace, and gives businesses the tools they need to comply with the law. An education component is integral to every consumer protection enforcement initiative the agency mounts. Consumer and Business Education produces bright line information that is actionable, practical, targeted and in plain language; it uses a 'wholesale/retail' strategy to get its information out to a much broader audience than its budget would suggest, using a variety of cost-effective communication tactics to help people reduce their exposure to risks in the marketplace.

- **Consumer Interface:** Consumer and Business Education's activities help people recognize and avoid fraud and deception, and encourage them to report their marketplace concerns to the FTC. Consumer and Business Education responds quickly to categories of complaints from the public with relevant tips on the scams they're reporting. When consumers communicate with the FTC's Consumer Response Center – either to seek information or to file a complaint – they are referred to education resources produced by Consumer and Business Education.
- **Communications Toolbox:** Every year, Consumer and Business Education produces an estimated 100 new or revised publications to alert consumers and businesses to their rights and responsibilities in the marketplace. These publications are distributed through an informal network of nearly 20,000 intermediaries, who order (ftc.gov/bulkorder) – or reproduce on their own – millions of copies for their constituents each year. Many publications are produced for the web only; the consumer and business information on the agency's website logs more than 2 million unique page views each month. Consumer and Business Education uses other formats to produce its award-winning materials and campaigns for consumers, businesses, and law enforcement, including audio (public service announcements and scripts for radio; consumer education messages for hold time use by businesses), video (YouTube.com/ftcvideos), games and quizzes, tutorials, bookmarks, posters, palm cards, e-cards, teaser sites that mimic fraudulent sites in an effort to reach consumers when they are online looking for a particular product or service (www.wemarket4u.net), bookmarks, and transit posters, to name a few. Consumer and Business Education also releases its information to thousands of broadcast, print and online media outlets, as well as to blogs and social networking sites. All information is produced in English and Spanish, and when particularly relevant, in additional languages such as Korean and Chinese.

- **Diverse Audiences:** Consumer and Business Education focuses on reaching key audiences – including communities of color, immigrants, people in financial distress, older people, people with low levels of literacy, the military community, kids, teens and their parents, law enforcement at the state and local level, legal services attorneys, and advertisers, marketers, and the private bar – with information on a wide range of subjects – including health and safety, identity theft, mobile and other rapidly changing technologies, green advertising, negative option marketing, sweepstakes, prize promotion and lottery fraud, telemarketing fraud, Do Not Call, affiliate marketing, immigration services fraud, financial issues in general and financing major purchases, including motor vehicles and funerals, and privacy and data security.
- **Special Initiatives:** Among the special initiatives that Consumer and Business Education manages are three that speak to some of the most compelling consumer protection issues: computer security, the ubiquity of advertising to kids, and frauds and scams that follow the headlines.
 - » OnGuardOnline.gov, a website from 14 federal partners with information to help people guard against internet fraud, secure their computers, and protect their personal information.
 - » Admongo.gov, a website to help kids develop critical thinking skills and apply them to advertising messages. The advertising literacy campaign includes a curriculum tied to 5th and 6th grade standards of learning in language arts and social studies, a game-based website and family activities. When published, campaign materials were distributed to 100,000 schools nationwide (i.e., every public school with a 5th or 6th grade class).
 - » National Consumer Protection Week, (consumer.gov/ncpw) an annual effort to help local jurisdictions highlight consumer education efforts dealing with modern day takes on traditional snake oil. Among the FTC's partners in this effort are: AARP, Council of Better Business Bureaus, Federal Citizen Information Center, National Association of Attorneys General, National Consumers League, US Postal Service and US Postal Inspection Service, and many local consumer agency administrators.

Consumer and Business Education also participates on a number of inter-agency task forces and working groups, and works very closely with other government agencies to minimize duplication of efforts, ensure consistency in messaging, and maximize efficiency and reach.

ECONOMIC AND CONSUMER POLICY ANALYSIS

Economic and Consumer Policy Analysis supports economic projects and advocacy activities that foster understanding of consumer good markets and consumer protection policy choices. They also work to ensure that consumer interests are represented before various governmental and self-regulatory bodies dealing with consumer-related issues.

- **Advertising Research and Data Development:** To advance the development of sound advertising policy, Economic and Consumer Policy Analysis supports data and research projects analyzing how advertising claims and policies affect consumers' and firms' decisions. Past studies examined the effects of different types of disclosures on consumer understanding of advertising claims for foods and dietary supplements and the nature of food advertising to children.
- **Economic Studies of Markets for Consumer Goods and Services:** Economic and Consumer Policy Analysis supports targeted economic studies of issues in consumer goods markets that are important to improving our understanding of key consumer protection issues. Recent examples include studies of consumer understanding of proposed Real Estate Settlement Procedures Act (RESPA) disclosure forms and of consumer shopping behavior and use of disclosure forms in obtaining mortgages. They also support workshops with outside experts in relevant areas, such as research roundtables on developments in the consumer mortgage market and in behavioral economics.
- **Economic Support of Consumer Protection Advocacy:** Economic and Consumer Policy Analysis also includes support for Bureau of Economics staff to provide input for advocacy comments on issues related to consumer protection goals. In recent years, they have supported comments to the FDA on food labels and direct-to-consumer prescription drug advertising. More recently, comments included those sent to the Federal Reserve Board on rules and regulations regarding subprime loans and the Department of Housing and Urban Development on various changes in mortgage disclosure documents.

MANAGEMENT

The goal of Consumer Protection is to identify, prevent, and stop fraud, deception, and unfair business practices in the marketplace. Under the FTC's strategic plan, resources are devoted to five broad objectives: monitoring the marketplace to identify illegal practices and emerging "frontier" issues and educate FTC staff about them; stopping fraud, deception and unfair practices through law enforcement, regulation, and guidelines, and by encouraging industry self-regulation; educating consumers and businesses; enhancing consumer welfare through research, reports,

advocacy, and international cooperation and exchange; and protecting American consumers in the global marketplace by providing policy and technical input to foreign governments and international organizations. Management is responsible for the overall management and accomplishment of these goals and objectives.

Since 1995, Consumer Protection has engaged in mission-wide strategic planning. The benefits have been striking; clear goals for managers and staff, coordination of efforts across the Bureau and the Regional Offices, a greater ability to target resources to confront the most serious problems, the creation of new programs to meet new challenges, and increased efficiency and productivity. In all its activities, Consumer Protection leverages its resources through private and public sector partnerships and the use of new technologies.

Maintain Competition

The FTC seeks to maintain competition by preventing anticompetitive mergers and assuring that the marketplace is free from anticompetitive business practices. These goals are carried out through six law enforcement-related activities: Premerger Notification, Merger and Joint Venture Enforcement, Merger and Joint Venture Compliance, Nonmerger Enforcement, Nonmerger Compliance, and Antitrust Policy. In each area, staff seeks to protect consumers' interests by preventing anti-competitive conduct or mergers without unnecessarily interfering with businesses' legitimate activities.

Budget by Activity (\$ in thousands)

	Fiscal Year 2011		Fiscal Year 2012	
	FTE	Dollars	FTE	Dollars
Premerger Notification	19	\$3,193	22	\$3,781
Merger and Joint Venture Enforcement	197	32,753	198	33,655
Merger and Joint Venture Compliance	11	1,848	10	1,717
Nonmerger Enforcement	136	22,664	137	23,341
Nonmerger Compliance	2	328	3	508
Antitrust Policy Analysis	7	1,113	7	1,143
Other Direct	20	3,340	20	3,415
Subtotal Direct	392	\$65,239	397	\$67,560
Support	146	70,572	147	62,923
Total	538	\$135,811	544	\$130,483

PREMERGER NOTIFICATION

Most mergers and acquisitions (for convenience, “mergers”) are either procompetitive or competitively neutral. Mergers that are anticompetitive, however, can raise costs to consumers by millions of dollars every year, reducing the output of goods and services. Anticompetitive mergers also can significantly diminish product quality, restrict consumer choice, and inhibit innovation. To identify potentially anticompetitive mergers, the FTC relies primarily on the premerger notification regime prescribed by the Hart-Scott-Rodino (HSR) Act. In addition, the FTC reviews press releases, industry research, and complaints by final or intermediate consumers and others (especially as to non-reportable mergers). To distinguish between mergers that threaten free markets and those likely to promote them, the FTC uses sophisticated economic analysis and thorough factual investigation.

- **Protection Against Anticompetitive Mergers and Acquisitions:** The Hart-Scott-Rodino Premerger Notification Program provides the FTC with an effective starting point for identifying anticompetitive mergers before they are consummated. Prior to enactment of the HSR Act, codified as Section 7A of the Clayton Act, parties often consummated their acquisitions and combined their operations before the antitrust agencies even learned of the transactions, making it difficult, if not impossible, to “unscramble the eggs” and restore the benefits of competition.

The FTC’s Premerger Notification Program fulfills Maintaining Competition’s goals by:

- » **Assisting Businesses to Satisfy Notification Requirements**
The HSR Act requires persons meeting certain threshold requirements who are planning significant acquisitions to file notifications with the FTC and the Department of Justice and to wait a prescribed period of time before consummating their transactions. Thus, if an HSR-reportable merger is likely to harm competition, the antitrust enforcement agencies have a chance to act to prevent it before the merger occurs. The FTC initiates a large majority of merger enforcement actions through this process.
- » **Educating Parties About HSR Requirements**
The FTC’s Premerger Notification Program includes various efforts to ensure that parties to transactions understand the information that they must supply under the HSR Act. In addition to written materials, the Premerger Notification Office provides assistance to individuals and organizations subject to the HSR Act to improve the level, completeness, and accuracy of compliance.

- » **Providing Rapid Initial HSR Review**
Mergers reported under the HSR Act vary tremendously in their complexity and potential anticompetitive effect. In the majority of cases, the agency can make a reasonable judgment about whether a merger has the potential to be anticompetitive or procompetitive within a few days of filing. To identify potentially anticompetitive transactions, the Premerger Notification Office prepares a summary description and a preliminary antitrust analysis of every transaction reported. Those summaries are then reviewed by the Bureau of Competition’s litigation divisions, the Bureau of Economics, and the Merger Screening Committee, a committee with participants from both Bureaus that convenes regularly to consider which matters call for further action.

- » **Coordinating with the Antitrust Division of the Department of Justice**
The FTC administers the HSR Program both for itself and for the Antitrust Division of the Department of Justice, which shares authority to challenge anticompetitive mergers. The summaries of transactions prepared by the Premerger Notification Office are provided to the Antitrust Division. The Office also works with the Antitrust Division to ensure that the two agencies apply Premerger Notification Rules consistently and uniformly. Through an informal “clearance” process, the two agencies ensure that only one agency investigates and, if necessary, challenges any given transaction. Assignment to one agency or the other takes place after preliminary review of a transaction, based principally on each agency’s relative expertise with markets potentially impacted by the proposed transaction.

- » **Minimize the Burden on Business**
The Premerger Notification Program strives to minimize the burden on filing parties while meeting the enforcement responsibilities of the FTC and the Antitrust Division. To that end the FTC develops and recommends improvements in the HSR rules and procedures, such as the implementation of electronic filing of HSR notifications.

MERGER AND JOINT VENTURE ENFORCEMENT

As noted above, anticompetitive mergers or joint ventures (for convenience, “mergers”) can harm consumers significantly by raising prices and reducing output and by reducing price-adjusted product quality, restricting consumer choice, and impeding innovation. The Merger and Joint Venture Enforcement Program seeks to prevent these effects in any market in which the FTC has reason to believe a merger is likely to substantially lessen competition, including high-priority areas for consumers such as health care (including pharmaceuticals), energy, and information and technology.

Whenever a merger is challenged, the proper relief must be considered. In some instances, it is possible to craft narrowly-tailored relief, such as a partial divestiture, that prevents injury to competition but allows the transaction to proceed overall. In other instances, the avoidance of anticompetitive harm cannot be accomplished without preventing or, if already consummated, undoing the merger entirely.

Determining whether a merger is anticompetitive, and identifying and obtaining appropriate relief, requires thorough investigation to answer fundamental questions. Is the merger likely to result in the lessening of actual or potential competition, increase the market power of the joining firms, and lead to market dominance or a significant increase in the likelihood of collusion? Is it likely to increase barriers to entry or expansion, or foster interdependent conduct among firms? Merger Enforcement uses a three-part process to carry out its goals:

- **Detect Potentially Anticompetitive Mergers:** Staff identifies potentially harmful mergers, usually before they occur, by screening HSR premerger notification reports submitted for significant proposed transactions. But HSR review is part of a broader program of monitoring merger activity, and staff also identifies potentially harmful mergers that are not subject to HSR notification requirements, in some instances after their consummation. Staff investigates those mergers that the screening process has identified as potentially harmful to competition and consumers, gathering extensive market information about whether a transaction is in fact likely substantially to lessen competition.
- **Prevent Anticompetitive Mergers:** The most effective and cost-efficient strategy for protecting consumers against mergers that may substantially lessen competition is to prevent anticompetitive deals from occurring. The FTC does this primarily by using its authority to seek injunctive relief under Section 13(b) of the Federal Trade Commission Act. Because of its willingness to use this authority when justified, the FTC often is able to resolve threats to competition through consent negotiations without having to seek an injunction. Where it is unable to do so and injunctive relief is inappropriate or unavailable, the FTC may rely on its administrative remedial powers to restore competition lost as a result of a merger's consummation. Whether achieved by consent or in an administrative proceeding, the principal remedy is divestiture of assets sufficient to preserve or restore competition, although the FTC has also employed conduct remedies where appropriate.
- **Educate Public About Anticompetitive Transactions:** To enhance the effectiveness of the FTC's merger and joint venture enforcement activities the agency strives to increase public awareness of the factors the FTC considers as it determines whether to take law enforcement action. The Commission uses educational publications, releases of its decisions and of the public facts

underlying FTC actions to provide companies with the information needed to evaluate the likelihood that similar transactions may face challenge. The FTC's efforts to promote transparency in its decisions include releasing guidelines and policy statements to provide guidance to businesses on complying with antitrust laws. Moreover, in specific matters, the agency issues public statements, including analyses to aid public comment, complaints, and closing statements, to explain why the FTC decided to challenge or not challenge a merger.

Although the FTC's Merger and Joint Venture Program focuses primarily on anti-competitive mergers, it also examines interlocking directorates among competing firms, which may have similar effects.

MERGER AND JOINT VENTURE COMPLIANCE

The Commission must ensure that the orders it issues through Merger and Joint Venture Enforcement are well-designed, made effective in a timely fashion, and faithfully complied with once they become effective. The FTC's Merger and Joint Venture Compliance Program deals with all three of these interrelated issues, sharing the first two concerns with Merger Enforcement and bearing primary responsibility for the third.

- **Consent Agreements and Orders:** Consent Orders draw upon the accumulated experience of the FTC's compliance staff. When the divestiture of assets that are the subject of a consent order is delayed, the competitive viability of the assets often declines. To avoid delay, the FTC seeks either "up-front" purchase and sales agreements or divestiture orders that limit the time within which divestiture must be accomplished to the minimum period deemed necessary.
- **Implementation of Agreements and Orders:** The Merger Compliance Program ensures that order provisions are as effective as possible, and that they are faithfully and timely implemented. Compliance staff work with merger enforcement staff, merging parties, and buyers to assure that the provisions of the order are properly drafted and that the divestiture package is adequate to achieve the necessary viability and competitiveness of the divested assets to ensure that competition is retained or has been restored to pre-merger levels.
- **Monitor Divestitures and Compliance:** Compliance staff closely monitors progress toward divestiture and, where necessary, recommends that fallback order provisions be invoked, such as trustee-managed divestiture, the divestiture of larger asset packages, or, ultimately, civil penalty actions. Civil penalty actions entail investigation and, where necessary, federal court litigation.

tion. Merger Compliance includes monitoring compliance with conduct order provisions such as bans on the dissemination within a respondent firm of competitively sensitive information or requirements to seek prior approval or give prior notice of plans to carry out specified future mergers or acquisitions.

- **Review Petitions and Applications:** In addition, Merger Compliance also includes reviewing petitions from parties to orders seeking modification or terminations of their orders, and making appropriate recommendations for FTC action.

NONMERGER ENFORCEMENT

Leading firms in significant industries sometimes resist the competitive forces of evolving markets and innovation; that resistance may involve business practices that make it more difficult for other firms to enter the market or that enable existing competitors to collude. For competition to thrive in markets in transition, competition authorities must be alert to practices designed to entrench market power and deny consumers the benefit of new forms of competition. Thus, for example, the FTC has been alert to agreements between branded and generic pharmaceutical companies to delay lower-priced generic entry harm consumers by stifling price competition, and to dominant firms' use of their dominant market positions to exclude competition, deprive consumers of choice, and suppress innovation.

Competition authorities must evaluate business conduct in the context of the particular markets at issue. The analysis must be thorough and sensitive enough to distinguish practices that restrict competition and on balance harm consumers, from those that simply protect firms against misappropriation of their intellectual property or from other efforts of some to "free ride" on the investments of others, which may promote competition.

The FTC's nonmerger activities encompass all of its enforcement jurisdiction outside of the merger activities. A wide variety of business practices may harm consumers, allowing firms to raise prices beyond competitive levels, or to reduce output, quality, services, innovation, or choice for consumers. The nonmerger actions of the FTC fall into three broad categories of antitrust violations: horizontal restraints, distributional restraints, and single firm violations. Identifying and proving these types of violations requires sophisticated legal and economic analysis and thorough factual investigation to distinguish between conduct that threatens the operation of open and competitive markets and conduct that promotes and advances their operation and generates efficiencies.

- **Horizontal Restraints:** The horizontal restraints segment of Nonmerger Enforcement looks at anticompetitive agreements between and among competitors. Some horizontal restraints, such as price-fixing, harm consumers by

raising prices or by reducing the quantity and quality of goods and services. These restraints may be the products of collusion or of conduct that facilitates collusion. The mission of this program is to prevent, detect, investigate, and remedy anticompetitive collusion or its facilitation. While some agreements among competitors, such as standard-setting activities and the creation of legitimate ethical codes, can be procompetitive and even essential, such agreements can also be abused to exclude entry by new competitors or expansion by existing competitors.

- **Distributional Restraints:** Restraints on the distribution of goods from manufacturers to consumers can facilitate horizontal collusion, limit sources of supply, or restrict channels of distribution in ways that give a party unilateral power to increase prices or reduce price-adjusted quality or otherwise suppress competition. Under certain circumstances, potentially unlawful distributional restraints may include agreements restricting resale prices or other terms of resale, agreements restricting the sale or purchase and distribution of goods of firms other than the parties to the agreement, and discrimination in price or other terms that may injure consumers.
- **Single Firm Violations:** A single firm with monopoly power can use various anticompetitive practices to reduce output and increase price above the competitive level, injuring consumers and misallocating resources. While neither the existence of monopoly power nor the attempt to achieve it is unlawful in itself, obtaining, increasing, or maintaining monopoly power by unnecessarily exclusionary means is unlawful. The goal of our enforcement activity against single firm violations is to prevent or remedy instances in which appreciable market power is created or maintained, or either is attempted, through conduct that would injure long-run consumer welfare. A principal challenge with this enforcement activity is to distinguish improper conduct from that which merely constitutes vigorous competition. Through the use of Section 5 authority in particular, the FTC can stop unfair conduct that appears likely to harm consumers, even if that conduct does not preserve or lead to the acquisition of monopoly power.
- **Strategy:** The FTC employs strategies of investigation, litigation, voluntary compliance, and negotiation for nonmerger enforcement. In addition, the FTC provides reports and comments to federal, state, and local government agencies, as well as amicus curiae briefs, advisory opinions, and legal and economic analyses to help inform others about emerging issues affecting nonmerger enforcement.

NONMERGER COMPLIANCE

As in its Merger Enforcement Program, the Commission obtains orders in its Nonmerger Enforcement Program to preserve or restore competition. To succeed in that purpose, these orders must be well-designed and fully adhered to. The crafting of appropriate orders and subsequent monitoring of adherence to order terms requires close consultation between enforcement and compliance staff. Unlike orders in merger enforcement cases, orders in anticompetitive conduct cases seldom involve divestiture relief. Instead, the most significant order provisions are generally prohibitory, requiring a party to “cease and desist” from specified conduct. Conduct relief can be quickly implemented once an order is entered, and emphasis is placed on seeking to identify and obtain cease and desist orders enjoining anticompetitive conduct before it can cause significant, and potentially irreparable harm.

- **Final Consent Orders:** The provisions of nonmerger orders often present their own difficult enforcement issues. For example, in some circumstances it can be difficult to discern whether an order has been violated, as where a respondent is enjoined from engaging in certain conduct in concert with others, but is free to engage in that same conduct individually.
- **Monitor for Compliance:** Strategies for monitoring compliance include review of periodic compliance reports required by the orders, follow-up interviews with the reporting parties, scrutiny of relevant media, contacts with the original complainants and others in the industry in a position to observe any violations, and investigation of suspected violations.
- **Relief:** Nonmerger compliance may entail federal court litigation seeking civil penalties and other relief.
- **Review Petitions to Modify Orders:** Nonmerger Compliance also includes reviewing petitions from parties under order seeking modification or termination of their orders and making appropriate recommendations for FTC action on these petitions.

ANTITRUST POLICY ANALYSIS

Staff undertakes antitrust policy analysis to provide the Commission and other policy makers with information to assess and formulate competition policy. Antitrust policy analysis includes the design and conduct of economic research to improve our understanding of markets and enable the FTC to identify markets and circumstances in which enforcement or other FTC actions would likely result in greater competition. The Antitrust Policy Analysis activity also aims to ensure that consumer interests are represented before various governmental and self-regulatory

ry bodies addressing market and competition issues. Among the types of activities supported are:

- **Economic Studies of Competition in Markets:** A key goal of this effort is to support studies and workshops that help us better understand how competition actually works in different markets and contexts. These activities enable the FTC to bring together industry, economic, and legal experts to assess competition policy challenges in specific sectors of the economy. For example, one recent FTC-sponsored workshop centered around discussion of how the federal antitrust agencies will enforce U.S. antitrust laws when competing health care providers create new Accountable Care Organizations under the Affordable Care Act of 2010. Another, more recent, workshop addressed practical and legal policy issues raised by the inclusion of patented technology in collaboratively set industry standards. In addition, the FTC issues policy papers, such as a recent paper summarizing the agency's activities relating to ongoing reviews of mergers, acquisitions, and other transactions in the oil and natural gas industries
- **Legal and Economic Studies of Antitrust Policy Issues:** Antitrust Policy Analysis also supports legal and economic studies of antitrust policy issues designed to inform the Commission and others. For instance, in March of 2011, the Commission issued a report examining how the courts can reform the patent system to better serve consumers by improving patent quality and by addressing how some strategies by patent holders may distort competition and deter innovation.
- **Economic Support of Competition Advocacy:** Antitrust Policy Analysis also supports the inclusion of Bureau of Economics staff input in advocacy comments before other governmental or self-regulatory bodies on issues related to the FTC's goals in maintaining competition. Staff has issued comments to various state entities on rules governing the entry of new types of limited service health care professionals and facilities in markets otherwise reserved for medical doctors, and comments on proposed rules issued by Federal Energy Regulatory Commission (FERC) relating to the integration of alternative sources of energy.

OTHER DIRECT ACTIVITIES

Maintaining Competition's goals include several other functions that directly support law enforcement, including:

- **Planning, Education, and Review:** Through this function, the FTC ensures overall consistency of our enforcement program with case law, FTC precedents and policy, antitrust scholarship, and efficient use of resources.

- **Competition Advocacy:** The FTC and its staff have a great deal of expertise about competition and the competitive effect of proposed laws, rules, or regulation on other governmental bodies. Competition staff is often invited to comment on such proposals and share this expertise with federal, state, or local governments.
- **Recruiting:** The Bureau of Competition, in cooperation with the Human Resources Management Office and other offices in the FTC, interviews at over a dozen law schools and legal recruiting fairs each year to recruit entry-level attorneys, and is also responsible for recruiting lateral attorneys and other staff members as needs arise.
- **Employee Development and Training:** Through its Employee Development and Training Program, the FTC ensures that attorneys and support personnel receive legal and other necessary training. Hallmarks of the training program are the semi-annual three-day in-house training sessions for summer interns and first-year attorneys and the ongoing programs on substantive and procedural topics aimed at experienced attorneys.
- **Investigation, Litigation Support, and Electronic Filing:** Investigation and Litigation Support is responsible for processing and loading all document productions received during the course of investigations. This group develops standards for accepting documentary productions and uses appropriate technological solutions to ensure Commission staff has ready and efficient access to this information.

As part of this activity, the FTC developed and implemented the Electronic Filing System for premerger filings received under the HSR program. This system allows merging parties to submit any required HSR Notification and Report Forms electronically via the Internet. Once the form has been processed, it is accessible by the reviewing agencies via a shared database. Electronic filing provides faster processing time, improved data entry, and the elimination of expensive and time-consuming duplication of documents.

- **Information Systems Management:** The FTC's Information Systems Management staff manages the records systems necessary to track all matters opened within the Maintaining Competition Mission. It also coordinates activities with the FTC's Office of Information and Technology Management, including use of the Internet to keep the public informed of activities, and using the FTC's Intranet for internal communications.
- **Clearance Procedures with the Department of Justice:** Staff of the FTC and the Antitrust Division of the Department of Justice apply established prin-

ciples to determine which agency will investigate merger and nonmerger matters that appear to violate the antitrust laws.

- **Liaison with State Officials:** FTC staff and management coordinates antitrust activities and enforcement with state attorneys general including training, consultations, and joint investigations of potentially anticompetitive practices and mergers, to the extent allowed by applicable laws.

Support

Support consists of management and support activities within the Federal Trade Commission (FTC). Support addresses evolving needs and develops and implements new, more efficient products and services to meet the FTC's goals and challenges.

Budget by Activity (\$ in thousands)

	Fiscal Year 2012		Fiscal Year 2013	
	FTE	Dollars	FTE	Dollars
Commissioners	40	\$6,676	40	\$6,822
Policy Planning	11	1,753	11	1,793
Office of the General Counsel	59	9,079	59	9,284
Office of International Affairs	25	4,488	25	4,587
Office of the Secretary	12	2,183	12	2,233
Administrative Law Judges	6	921	6	941
Office of Equal Employment Opportunity	3	508	3	520
Office of the Executive Director	141	125,221	143	107,748
Office of Congressional Relations	7	1,081	7	1,105
Office of Public Affairs	9	1,476	9	1,512
Office of Inspector General	5	1,037	5	1,059
Total Support	<u>318</u>	<u>\$154,423</u>	<u>320</u>	<u>\$137,604</u>
Allocation of Support				
Consumer Protection	172	\$83,851	173	\$74,681
Maintaining Competition	146	70,572	147	62,923
Total Support	<u>318</u>	<u>\$154,423</u>	<u>320</u>	<u>\$137,604</u>

COMMISSIONERS

The Commissioners are responsible for ensuring the effective and efficient execution of the FTC's congressionally mandated responsibilities. They formulate Commission policy, which guides and directs the staff's work, and allocate the required resources. They also monitor the FTC's progress in accomplishing stated goals.

OFFICE OF POLICY PLANNING

The Office of Policy Planning is responsible for developing policy recommendations on a variety of competition and consumer protection issues. Policy Planning staff research and analyze emerging issues relevant to how the free market operates in a variety of industries, competition enforcement, and the intersection of competition and consumer protection policy. The Office of Policy Planning also advocates for strong competition and consumer protection policies in a variety of federal and state venues by analyzing the competitive ramifications of certain policy approaches, making recommendations on legislation that may enhance or impede competition, gathering evidence to assess competitive problems or to identify how best to address new competitive issues, and providing legal and economic analysis where requested.

Policy Planning staff frequently obtain public input from businesses, consumer groups, academics, and other outside sources through a variety of means, such as fact-gathering workshops, roundtable policy discussions, and Section 6(b) subpoenas. The Office of Policy Planning also coordinates the FTC's advocacy role with other governmental entities and, when warranted, provides assistance in the development of enforcement matters that involve novel or complex legal issues.

OFFICE OF GENERAL COUNSEL

The General Counsel is the Commission's chief legal officer and adviser. The Office's major functions are representing the Commission in court and providing legal counsel to the Commission, the operating bureaus, and other offices.

- **Litigation:** In its litigating capacity, the Office of General Counsel provides fundamental support to both missions of the Agency. The Office defends actions seeking judicial review of Commission orders and trade regulation rules, handles appeals of Commission actions seeking preliminary and permanent injunctive relief, and assists both bureaus in actions for injunctive relief in district court.

The Office also enforces civil investigative demands and other compulsory processes, and responds to discovery requests directed to the FTC or its staff. It cooperates with the Department of Justice in defending cases brought to

enjoin agency action, or to obtain monetary damages against the FTC or its personnel. The Office also furnishes advice and assistance concerning other litigation activities, prepares amicus curiae briefs authorized by the Commission, and works to ensure that our adjudicatory process is efficient and fair.

- **Counseling:** In its counseling capacity, the Office of General Counsel provides confidential legal guidance to the Commission on a wide range of procedural and substantive issues in adjudicative matters. It also advises the Commission and staff on legal and policy issues, such as agency jurisdiction, statutory authority, administrative procedure, and other matters relating to the agency's enforcement goals.

The Office counsels Commissioners and staff to ensure compliance with the Ethics in Government Act. Its work protects the Agency by helping Commissioners and staff avoid conflicts of interest, by deciding whether former employees may appear in Commission proceedings and providing reports to the Office of Government Ethics.

- **Policy Studies:** The Office also assists the FTC in developing policy recommendations. Staff study, obtain public input, analyze, and report on a range of competition issues including healthcare, innovation and intellectual property, and standard-setting. In addition, the Office contributes advice and drafting assistance on cutting-edge topics related to the FTC's enforcement responsibilities with regard to complaint recommendations, adjudicatory opinions, and appellate litigation.
- **Employment and Labor:** The Office also advises agency staff on personnel, labor-management relations, equal employment opportunity, procurement law, and appropriations law matters. Without the sound management training, advice, and representation from the Office of General Counsel, the FTC would risk improper behavior, improper management, and the possibility of class actions and subsequent findings for damages against the FTC. The Office represents the FTC in legal proceedings before such agencies as the Merit Systems Protection Board, Federal Labor Relations Authority, Equal Employment Opportunity Commission, and General Services Board of Contract Appeals.
- **Legislative Requests and Transparency:** The Office prepares responses to formal congressional requests for documents or information about Commission actions, assists with briefings of congressional committees and subcommittees, assists in preparing testimony for congressional hearings, analyzes proposed legislation affecting the agency, and drafts or reviews Commission comments to OMB or the Congress on such legislation.

The Office also handles a number of matters related to confidentiality and access to information. The Office's work includes the administration of the Freedom of Information Act, Privacy Act, and the Government in the Sunshine Act, requests by state and federal law enforcement agencies for access to non-public documents, and requests for confidential, rather than public record, treatment of materials submitted to the Commission.

OFFICE OF INTERNATIONAL AFFAIRS

The Office of International Affairs is responsible for the international aspects of the FTC's work in both maintaining competition and protecting consumers, and coordinates the FTC's international technical assistance program. As markets have become more global and the number of antitrust and consumer protection laws and agencies continues to grow, the FTC must increasingly address international issues to fulfill its competition and consumer protection objectives for American consumers.

The OIA's work comprises three areas: providing effective support to the FTC's consumer protection and competition law enforcement teams with respect to international issues, working with other nations and international organizations to promote sound competition and consumer protection policies, and providing technical assistance to enable developing competition and consumer protection agencies around the world to apply sound consumer protection and competition policies.

OIA assists the FTC's competition mission through its work in various bilateral and multilateral fora.

- **Bilateral Relationships:** Effective cooperation with counterpart agencies abroad is a necessity given the many FTC cases involving parties based outside the United States and evidence located abroad, or that are under parallel review by foreign competition agencies. Pursuant to formal cooperation agreements and informal arrangements and relationships, OIA works with FTC staff and foreign agencies to achieve consistent approaches to cases of mutual concern and to promote convergence toward sound antitrust policy and enforcement.
- **Activities in Multilateral Competition Fora:** The FTC is a leader in the multilateral organizations that facilitate dialogue and convergence toward sound competition policy and enforcement, particularly the International Competition Network (ICN) and the Organization for Economic Cooperation and Development (OECD), as well as the United Nations Conference on Trade and Development (UNCTAD) and regional organizations such as the Asia-Pacific Economic Cooperation (APEC).

- **Trade-Related Competition Activities:** The FTC plays an active role in the U.S. delegations that address competition issues in bilateral and regional trade negotiations. We also participate in the interagency process to formulate and implement competition-related policy toward China, such as the Strategic and Economic Dialogue.

To help accomplish the FTC's consumer protection goals, OIA addresses consumer protection issues associated with the globalization of the marketplace. It builds international consumer protection enforcement cooperation and works to foster the development of market-based consumer protection approaches that focus on maximizing economic benefit and consumer choice, and on protecting consumers from significant harm. These activities include:

- **International Enforcement Cooperation:** An increasing number of complaints the FTC receives involve international transactions, and an increasing number of law enforcement investigations the FTC undertakes involve an international component. As a result, the FTC has implemented a comprehensive effort to combat cross-border consumer protection law violations. Congress gave the FTC powers to do this more effectively by enacting the U.S. SAFE WEB Act at the end of 2006, and implementing the Act is a major priority for OIA. In December 2009, the FTC submitted a three-year report to Congress detailing its use of the expanded powers Congress provided under the Act in investigations, cases, and other enforcement-related activities.

The FTC continues to develop and strengthen bilateral and multilateral enforcement partnerships. It works closely with Canadian agencies on cross-border telemarketing issues and is developing closer cooperation with the European Union's Consumer Protection Cooperation Network. The FTC is also a leader in the International Consumer Protection Enforcement Network (ICPEN), a global network of consumer protection law enforcement agencies that work together to combat fraud. The FTC co-chairs the London Action Plan on international spam enforcement cooperation, and more recently has played a lead role in setting up the APEC private enforcement arrangement and the Global Privacy Enforcement Network. These activities have yielded concrete results, including substantial assistance from foreign partners on a variety of cases, enabling the FTC to more effectively protect U.S. consumers.

- **Promoting Sound Consumer Protection and Privacy Policies:** The OIA advocates vigorous enforcement of the key rules that protect consumers from significant harm, including from fraud and deception, in the global electronic marketplace. Examples of the FTC's work in this area include its work on electronic commerce and the economics of consumer protection in the OECD

consumer policy committees as well as its work on cross-border data privacy rules in APEC and other international privacy issues in the OECD Working Party on Information Security and Privacy.

Taking advantage of its combined international competition and consumer protection functions, OIA explains the links between the two missions in international fora. While the FTC understands from its role enforcing both competition and consumer protection laws how they reinforce each other and enhance consumer welfare, the two functions are not closely coordinated in many jurisdictions.

The FTC, with the DOJ Antitrust Division in the competition field, provides technical assistance to countries in transition to market economies and that are establishing new competition and consumer protection regimes. It offers its staff expertise to colleagues in more advanced jurisdictions to share investigative and analytical experience as they address more complex issues. In early FY10, the FTC and DOJ conducted a program to train Chinese judges in the application of China's new Antimonopoly Law, and the FTC has been a leader in conducting training for the new Chinese agencies in designing and implementing their competition law.

We also provide short-term training in investigative skills by having experienced FTC lawyers and economists use hypothetical scenarios to conduct simulated investigations involving issues that developing agencies typically encounter and by instruction in substantive economic and legal issues. The FTC also responds to requests for comments on draft competition and consumer protection legislation, and hosts foreign officials who visit the agency to study the U.S. experience in administering its antitrust and consumer protection laws.

The FTC has established an International Fellows program that has enabled foreign competition and consumer protection agency staff to work alongside their FTC counterparts, and a staff exchange program to implement the U.S. SAFE WEB Act's authorization of exchanges with foreign antitrust and consumer protection agencies. The FTC has hosted Fellows from Canada, Switzerland, Poland, Hungary, and Turkey, among other jurisdictions. FTC staff have participated in exchanges with the United Kingdom's Office of Fair Trading and Competition Commission, and the European Union's Competition Directorate.

OFFICE OF THE SECRETARY

The Office of the Secretary supports the Commission decision-making process by implementing and advising the Commission and its staff on Commission voting and other decision making procedures, assigning staff recommendations and requests for action to the Commission, processing all Commission circulations and votes, and notifying the Commission and its staff of voting and other decision-making deadlines. The Office also maintains the Commission's electronic circulation

system, and ensures that copies of all Commission assignment packages and circulations can be accessed through the Intranet. In addition, the Office creates official records of all Commission deliberations and actions taken, whether at Commission meetings or through the written notational voting process. The Office also reviews, and the Secretary signs or otherwise validates, all official documents approved or authorized by the Commission and its delegates including consent agreements and reports. In addition, the Office forwards all Commission Notices to the Federal Register, after signature by the Secretary or the General Counsel, and manages the contract covering Federal Register publication expenditures. The Office also creates and forwards electronic copies of most of these documents (with appropriate captions) for publication on www.ftc.gov at the same time as the relevant news releases.

The Office also maintains the agency Operating Manual, and prepares and forwards responses to most Congressional and White House correspondence raising constituent issues. In addition, the Office creates and preserves electronic copies of all relevant actions and documents in our internal document management system. The Secretary is also the legal custodian of Commission legal and public records, and is responsible for publishing the FTC Decisions Volumes, including almost 100 volumes covering the period from 1949 to 2005 which have recently been placed on the Commission Website, at www.ftc.gov.

OFFICE OF ADMINISTRATIVE LAW JUDGES

The Office of Administrative Law Judges performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by statutes, precedent, and rules of practice. The administrative law judge assigned to handle each complaint issued by the Commission holds pre-hearing conferences, resolves discovery, evidentiary and procedural disputes, and conducts the full adversarial evidentiary hearings. The judge's Initial Decision sets out relevant and material findings of fact with record citation, explains the correct legal standard, and applies the law to the facts.

The Office of Administrative Law Judges is also charged with conducting certain rulemaking proceedings for the Commission. After a hearing on the record, the judge conducting the proceedings makes a recommended decision to the Commission based on findings of fact and conclusions of law.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity (EEO) maintains a continuing affirmative employment program to promote EEO and to identify and eliminate discriminatory practices and policies. The Office engages in proactive management strategies to identify and eliminate barriers to EEO, provides leadership and direc-

tion on EEO regulations and directives, and implements comprehensive affirmative employment initiatives that conform to Federal laws and regulations governing EEO and human resources management. The Office also manages, advises, and oversees the discrimination complaints processing system, including recommending settlements and taking final action, as well as making final decisions on complaints that are consistent with regulations and rules governing the administrative complaint process. EEO also serves as the principal advisor on EEO and affirmative employment programs, policies, and regulations including providing support and advice on issues related to EEO in all aspects of employment. The Office further promotes an inclusive and diverse work environment by maintaining relationships with affinity bar associations, serving as a member of the FTC Diversity Council, and planning and organizing cultural events for special observances throughout the year.

OFFICE OF THE EXECUTIVE DIRECTOR

The Office of the Executive Director serves as the managerial and administrative arm of the Federal Trade Commission, with responsibility for the overall operation of the agency. The Office of the Executive Director works closely with the bureaus on strategic planning and assessing the management and resource implications of any proposed action. The following offices are located in the Office of the Executive Director:

Financial Management Office

The Financial Management Office (FMO) is responsible for overseeing the FTC's budget formulation and execution processes, all procurement activities and related policies, development and maintenance of financial policies, ongoing assessment and monitoring of internal controls, implementing and maintaining financial systems, accounting and reporting of financial transactions, travel management, and strategic planning and performance management as required by the GPRA Modernization Act (GMA) of 2010. In fulfilling our responsibilities, FMO staff partner and collaborate with other Federal entities such as the Congress (relative to budget), the Office of Management and Budget (OMB), and the Department of the Treasury to accomplish government-wide goals and objectives.

The FMO ensures the FTC complies with various financial management laws, regulations, and government-wide policies. The FMO's core staff of highly-trained financial management professionals aids the FTC in carrying out its mandated responsibilities, and provides agency-wide financial management direction, services, and information.

Some of the key activities performed by FMO include:

- Acquisition of all goods and services on behalf of the Bureaus and Offices, including assisting internal customers with the requisition process, statements of work, and requests for proposal, as well as assistance with contract preparation, award, and administration.
- Assisting senior management and staff on budget development, justification, execution, and review. This includes working with FTC, OMB, and Congressional staff to obtain appropriations and subsequent apportionment authority, distribute enacted and Commission-approved resources to agency organizations and projects, track the use of agency resources, and prepare needed reprogrammings of agency funds.
- Recording financial transactions into the accounting system, managing the agency's general ledger, and reconciling balances with those maintained by the Department of Treasury and OMB. The FMO also performs financial analysis and initiates adjusting entries as needed.
- Preparing the FTC's consolidated financial statements and serving as primary liaison with external auditors. The FMO also prepares the Performance and Accountability Report (PAR) and directs Government Performance and Results Act activities including oversight of strategic planning and performance reporting.
- Issuing FTC's financial policies to implement laws and high-level government-wide requirements and policies (e.g., OMB Bulletins and Circulars).
- Managing the FTC's internal control program and coordinating activities resulting in the annual Statement of Assurance required by law.
- Managing the FTC's financial systems and related accounting and payment processing support services via a contract vehicle with a shared service provider.
- Managing and administering credit card programs.
- Managing E-Travel, including a comprehensive end-to-end service to plan, book, track, approve, and request reimbursement for travel.

In addition, the Chief Financial Officer also serves as the agency's Performance Improvement Officer and coordinates strategic planning and performance management activities as required by the GPRA Modernization Act.

Human Capital Management Office

The Human Capital Management Office (HCMO) is responsible for enabling the FTC to accomplish its goals through workforce planning, recruitment, employee development, retention, compensation, and performance management. Activities include honors paralegal recruitment; attorney and non-attorney hiring; SES hiring; advice and guidance to managers on conduct, performance, and discipline problems; benefits; retirement counseling; administering awards; training; position classification; labor relations; administration of performance management; payroll liaison; and electronic time and attendance coordination.

The HCMO ensures the FTC complies with various human resources management laws, regulations, and government-wide policies and maintains a core staff of highly-trained human resources professionals to aid the FTC in carrying out its mandated responsibilities, as well as providing agency-wide human resources management direction, services, and information. Some of the key activities performed by HCMO include:

- Assisting and advising the Bureaus and Offices in filling high-priority positions.
- Assisting and advising the Bureaus and Offices in resolving sensitive human resource issues.
- Working with Bureaus, Offices, and unions to ensure management complies with labor relations responsibilities when making decisions affecting personnel policies, practices, or working conditions.
- Leading Training Council activities to assess continually the core curriculum for critical FTC occupations.

Administrative Services Office

The Administrative Services Office (ASO) is an integral component of the FTC's support service network, ensuring that other agency staff can focus on law enforcement activities. Some of the key activities performed by ASO include:

- Negotiating, leasing, and managing headquarters and regional offices space, including managing infrastructure renovations and repairs.
- Providing building and grounds management.
- Managing the agency's physical security, personnel security, emergency preparedness, and health and safety programs.
- Planning, coordinating, and supporting all types of FTC events.

- Coordinating the preparation for new employees, physical office moves of current employees, and the processing of employees who leave the agency.
- Maintaining a Customer Services Center, a one-stop shop for addressing and fulfilling a wide range of administrative requests.
- Managing the agency's reproduction needs, including in-house copy centers in both buildings in Washington, DC and logistical support to FTC staff working with commercial printers or the Government Printing Office.
- Managing agency-wide support including the mail room, courier, supply, and furniture management services.
- Updating and maintaining publications, including the FTC Daily, the FTC's Administrative Manual, and the FTC telephone directory, as well as external directories containing information about the FTC's goals.
- Managing and administering Reimbursable Work Authorization (RWA). The FTC is required to reimburse the General Services Administration for building-related services, such as utilities and alterations in buildings, where GSA has not given the FTC authority to provide these services.
- Coordinating the FTC's transit subsidies.
- Providing moving, transportation, and garage services for headquarters buildings.
- Providing administrative assistance and logistical support to eight regional offices.

Office of the Chief Information Officer

The Office of the Chief Information Officer (OCIO) is responsible for providing the FTC with a robust, reliable, rapidly scalable and interoperable infrastructure, providing connectivity and computing capabilities which allow all FTC staff and mission partners to access, share, and act on needed information. The OCIO also directly supports critical mission area IT development, modernization, and the enhancement of applications and systems, business services and related office automation systems; and maintains a robust cybersecurity program that includes the FTC's disaster recovery and continuity of operations efforts. One of the OCIO goals is the provision of the best available information management and information technology (IM/IT) tools and infrastructure to the FTC staff for mission success.

The OCIO's IM/IT responsibilities align with and support two agency services: the direct law enforcement and goal-related systems and services as well as the vital,

secure, and stable technology infrastructure that forms the basis for specific FTC mission activities. Some key activities performed by OCIO include:

- Providing several important direct law enforcement systems and services that are critical to the FTC's law enforcement activities.
- Supporting overall law enforcement efforts through library research and reference collection services; services provided by our Enterprise Services (or Help) Desk, including PC installation and repair; training and support in the use of information technology resources; and support of various critical, key information systems and applications.
- Providing a vital, secure, and stable technology infrastructure for a multitude of mission-supporting applications, systems, and services. This includes life-cycle management, where the OCIO assesses and evaluates the technology infrastructure to ensure that it remains sound and that improvements produce optimal results, as well as enhancing technology products and services to ensure that they continue to meet changing business requirements.
- Securing FTC data and information technology systems against current and emerging security cybersecurity threats by using sophisticated network security technologies that provide increased system security while allowing FTC staff to do their jobs in the most efficient manner possible. The OCIO also investigates and implements emerging technology to provide a secure repository for the FTC's critical, highly sensitive data.
- Ensuring that agency applications, processes, and internal policies, procedures, and guidelines align with all federal mandates, legislation, and guidance.

Records and Filings Office

The Records and Filings Office (RFO) serves all official documents, receives and processes filings before the Commission and the Administrative Law Judges, maintains the official public record in all FTC matters, and develops and administers records management policies for all media throughout the FTC. Some of the key activities performed by RFO include:

- Intake and processing of public comments in all FTC rulemaking proceedings and other matters (such as workshops, studies, and Paperwork Reduction Act proceedings) that solicit public comments.
- Supporting the FTC's law enforcement efforts by designing and implementing agency-wide electronic systems for storing and accessing agency documents and for tracking and managing agency matters, as well as a system for filing electronically in administrative litigation.

- Maintaining pages on www.ftc.gov regarding adjudicative proceedings and public comments.
- Overseeing the creation of Federal records to ensure that Commission functions are adequately and properly documented.
- Developing programs to ensure that the FTC meets the relevant statutory requirements for records management and retention.
- Developing and conducting training, education and outreach programs to make mission-driven, life cycle records management an integral component of FTC functions.
- Leading the effort to embed records management in electronic systems and e-business processes.
- Developing policies and procedures to identify and protect records needed for continuity of operations.
- Storing and retrieving FTC official records, both on- and off-site.
- Managing the agency-wide stenographic court reporting contract.

OFFICE OF CONGRESSIONAL RELATIONS

The Office of Congressional Relations works closely with members of Congress and their staffs. The Office informs Commissioners and FTC staff of Capitol Hill issues and policies, and helps provide information on legislation and Congressional hearings of interest to the Commission. It also coordinates the preparation of both Congressional testimony and responses to Congressional inquiries concerning FTC policies and programs.

The Office of Congressional Relations:

- Develops, coordinates, and executes legislative advocacy for the Federal Trade Commission.
- Plans and implements liaison activities with Congress, including the briefings, meetings between members of Congress and Commissioners, and constituent education events.
- Reviews legislation within the FTC's jurisdiction. Works with Congressional staff on proposed legislation affecting consumer protection and competition.
- Tracks legislation and keeps agency officials apprised of matters affecting or of interest to the FTC. Additionally, tracks press releases, floor statements,

and speeches of members of Congress to anticipate and stay ahead of issues likely to result in Congressional action.

- Prepares agency witnesses for congressional testimony, including determining scope of hearings and requested testimony, areas of specific member interest, and questions likely to be asked.
- Maintains contact with Congressional staff, keeping them abreast of major Commission actions and policy.
- Manages the FTC's responses to Legislative Referral Memorandums from the Office of Management and Budget.
- Receives and coordinates responses to incoming constituent inquiries from Congressional district, regional, and Washington offices.

OFFICE OF PUBLIC AFFAIRS

The Office of Public Affairs informs the news media, as well as the public at large, about the activities of the FTC. They also respond to media inquiries about Commission actions and policy.

In serving as liaison between the FTC and the media, the Office of Public Affairs:

- Produces news releases announcing official actions of the FTC, including decisions by the Commission and Administrative Law Judges.
- Provides assistance to the media involved in covering FTC activities.
- Ensures that Commission releases, supporting documents, and consumer education materials are disseminated, as well as available to the media and the public on the Internet.
- Promotes and supports major FTC outreach activities and initiatives and uses new technology, as available, to advance these efforts.
- Produces a daily "News Summary" of clips from newspapers and magazines on FTC activities.
- Provides Regional FTC offices with media training and outreach support as needed.
- Produces "Weekly Calendar and Sunshine Notices" report to inform the public and the media of scheduled "open" Commission activities.
- Works with regional media for coverage of Commission activities.

- Arranges media appearances for the Chairman, Commissioners, and other senior officials.
- Arranges photographic services for the Commission.
- Garners transcripts and videotapes of broadcast coverage of Commission activities.

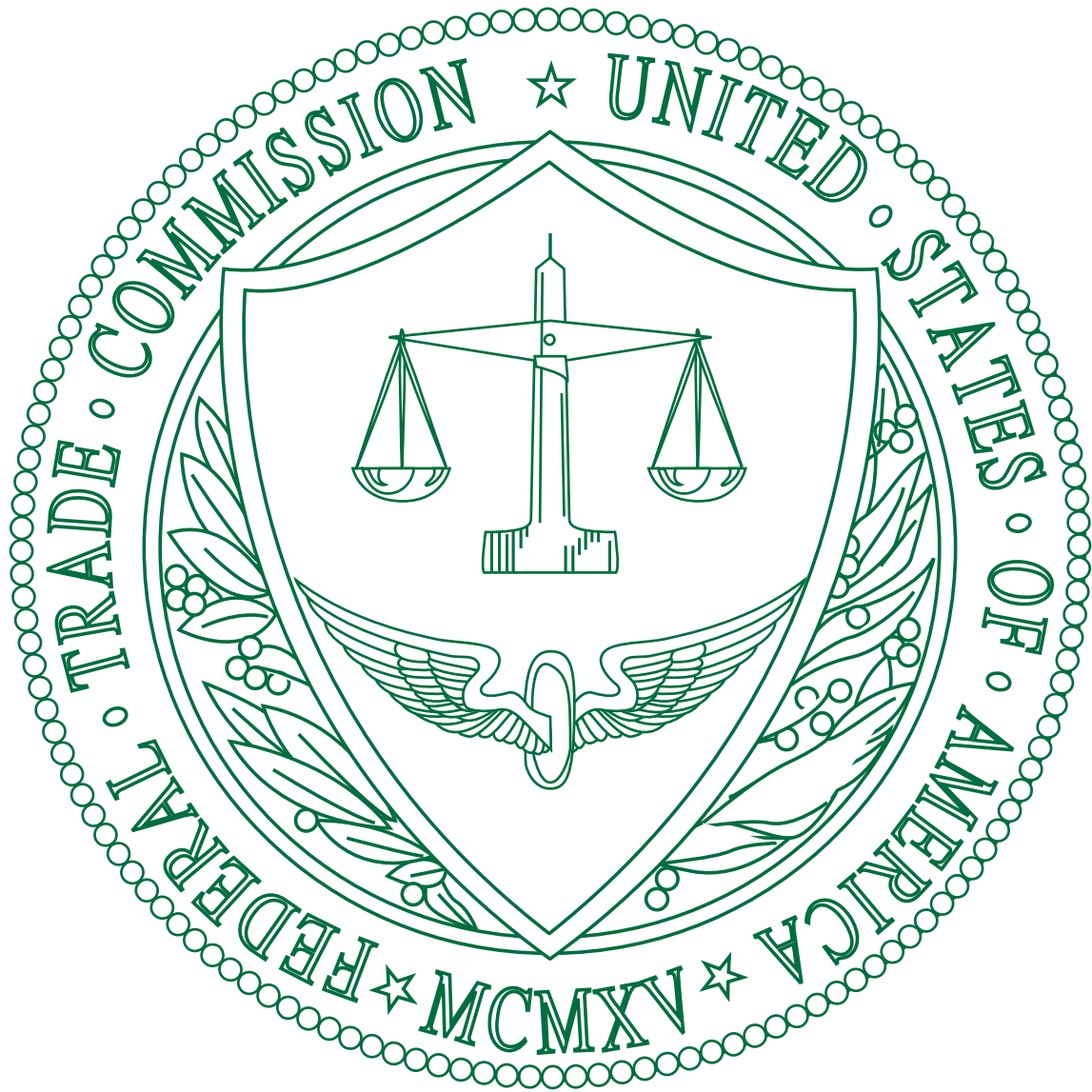
OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) was created, in accordance with the Inspector General's Act of 1978, to prevent and detect fraud, waste, and abuse in agency programs and operations. The Inspector General is charged with keeping both the agency head and Congress fully and currently informed about problems and deficiencies relating to the administration of FTC programs.

The OIG meets its goals by performing independent and objective audits and investigations of the FTC's programs and operations and by working with FTC managers to promote economy, efficiency, and effectiveness and prevent and detect fraud and abuse. The OIG also conducts investigations of alleged wrongdoing on the part of agency employees and entities contracting with the FTC. The Inspector General reports semiannually to the Chairman and Congress on OIG activities.

The OIG also performs congressionally mandated financial statement and information security audits which allow the OIG to focus on information management, GPRA implementation, and other activities identified as important by management in the agency's strategic and performance plans. Finally, the OIG participates in community-wide Council of Inspectors General on Integrity and Efficiency activities and works with other Inspectors General in multi-agency projects.

Additional Budget Exhibits



Proposed Appropriations Language

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefore, as authorized by 5 U.S.C. 5901-5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed \$2,000 for official reception and representation expenses, [\$311,563,000] \$300,000,000, to remain available until expended: *Provided*, That not to exceed \$300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718: *Provided further*, That, notwithstanding any other provision of law, not to exceed [\$108,000,000] \$117,500,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a), regardless of the year of collection, shall be retained and used for necessary expenses in this appropriation: *Provided further*, That, notwithstanding any other provision of law, not to exceed [\$21,000,000] \$19,000,000 in offsetting collections derived from fees sufficient to implement and enforce the Telemarketing Sales Rule, promulgated under the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. 6101 et seq.), shall be credited to this account, and be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the general fund shall be reduced as such offsetting collections are received during fiscal year [2012] 2013, so as to result in a final fiscal year [2012] 2013 appropriation from the general fund estimated at not more than [\$182,563,000] \$163,500,000: *Provided further*, That none of the funds made available to the Federal Trade Commission may be used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t).

Program and Financing
(\$ in millions)

Identification Code: 29-0100-0-1-376		FY 2011 actual	FY 2012 estimate	FY 2013 estimate
Obligations by program activity:				
0001	Protect consumers	166	187	170
0002	Maintain competition	125	146	130
0091	Direct program activities, subtotal	291	333	300
0192	Subtotal, direct program	291	333	300
0803	Reimbursable program	1	1	1
0900	Total new obligations	292	334	301
Budgetary resources:				
Unobligated Balance:				
1000	Unobligated balance carried forward, Oct 1	13	21
1021	Recoveries of prior year unpaid obligations	8
1050	Unobligated balance (total)	21	21
Budget Authority:				
Appropriations, discretionary:				
1100	Appropriation	186	183	164
1160	Appropriation, discretionary (total)	186	183	164
Spending authority from offsetting collections, discretionary:				
1700	Offsetting collections (HSR Fees)	91	108	117
1700	Offsetting collections (Do Not Call Fees)	14	21	19
1700	Offsetting collections (Fed. Reimb. Programs)	1	1	1
1750	Spending authority from offsetting collections, discretionary (total)	106	130	137
1900	Budget authority (total)	292	313	301
1930	Total budgetary resources available	313	334	301
Change in obligated balances:				
Obligated balance, start of year (net)				
3000	Unpaid obligations, brought forward, Oct 1 (gross)	90	86	113
3020	Obligated balance, start of year (net)	90	86	113
3030	Obligations incurred, unexpired accounts	292	334	301
3040	Outlays (gross)	-288	-307	-295
3080	Recoveries of prior year unpaid obligations, unexpired	-8
Obligated balance, end of year (net):				
3090	Unpaid obligations, end of year (gross)	86	113	119
3100	Obligated balance, end of year (net)	86	113	119
Budget authority and outlays (net):				
Discretionary:				
4000	Budget authority, gross	292	313	301
Outlays, gross:				
4010	Outlays from new discretionary authority	237	209	191
4011	Outlays from discretionary balances	51	98	104
4020	Outlays, gross (total)	288	307	295
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	-1	-1	-1
4034	Offsetting governmental collections	-105	-129	-136
4040	Offsets against gross budget authority and outlays (total)	-106	-130	-137
4070	Budget authority, net (discretionary)	186	183	164
4080	Outlays, net (discretionary)	182	177	158
4180	Budget authority, net (total)	186	183	164
4190	Outlays, net (total)	182	177	158

Object Classification
(\$ in millions)

Identification Code: 29-0100-0-1-376	<u>FY 2011 actual</u>	<u>FY 2012 estimate</u>	<u>FY 2013 estimate</u>
Direct Obligations			
Personnel Compensation:			
11.1 Full-time permanent	128	132	136
11.3 Other than full-time permanent	8	9	9
11.5 Other personnel compensation	3	2	2
11.8 Special personal services payments	1	1	1
11.9 Total Personnel compensation	<u>140</u>	<u>144</u>	<u>148</u>
12.1 Civilian personnel benefits	38	40	41
21.0 Travel and transportation of persons	3	3	3
23.1 Rental payments to GSA	25	31	31
23.3 Communications, utilities, and misc. charges	6	7	7
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	45	44	38
25.2 Other services	4	4	4
25.3 Purchases of goods and services from government accounts	12	9	8
25.4 Operation and maint. of facilities	2	2	2
25.7 Operation and maint. of equipment	2	2	3
26.0 Supplies and materials	1	1	1
31.0 Equipment	11	44	12
99.0 Subtotal, Direct obligations	<u>291</u>	<u>333</u>	<u>300</u>
Reimbursable Obligations			
Personnel Compensation:			
11.1 Full-time permanent	1	1	1
99.0 Subtotal, Reimbursable obligations	<u>1</u>	<u>1</u>	<u>1</u>
99.9 Total new obligations	<u>292</u>	<u>334</u>	<u>301</u>

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2011 actual	FY 2012 estimate	FY 2013 estimate
Direct			
1001 Full-time equivalent employment	1,155	1,176	1,186
Reimbursable			
2001 Full-time equivalent employment ¹	5	6	6

¹Includes 6 FTE reimbursed by other federal agencies.

Inspector General's Request



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

February 13, 2012

The Honorable Jeffrey Zients
Acting Director, Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Dear Mr. Zients:

In accordance with the requirements of Section 6(f)(1) of the Inspector General Act of 1978 (as amended), the FTC's Office of Inspector General submits the following information related to its requested budget for FY 2013:

- The Office of Inspector General (OIG) requests aggregate funding of \$1,059,000 for FY 2013.
- OIG requests \$7,000 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2013.
- OIG requests \$3,008 for support of the Council of Inspectors General on Integrity and Efficiency. The requested amount satisfies all requirements for the OIG's contribution to the CIGIE in FY 2013.

<u>FY 2012 Operating Budget</u> \$ in thousands		<u>FY 2013 Estimate</u> \$ in thousands		<u>Change</u> \$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
5	\$1,037	5	\$1,059	0	\$22


 John M. Seeba
 Inspector General
 Federal Trade Commission