

Federal Trade Commission



**Fiscal Year 2015
Congressional Budget Justification**



EDITH RAMIREZ
CHAIRWOMAN

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

March 7, 2014

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

The Honorable Tom Udall
Chairman
Subcommittee on Financial Services and General Government
United States Senate
Washington, DC 20510

Dear Chairmen Crenshaw and Udall:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2015 budget request.

The FTC's FY 2015 budget requests a program level of \$293,000,000 and 1,176 full-time equivalent (FTE) positions. This is a decrease of \$5,000,000 from the enacted level for FY 2014. As the justification materials describe, this budget will permit the FTC to continue to meet the ongoing challenges of its mission to protect consumers and promote competition.

By direction of the Commission.

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Edith Ramirez

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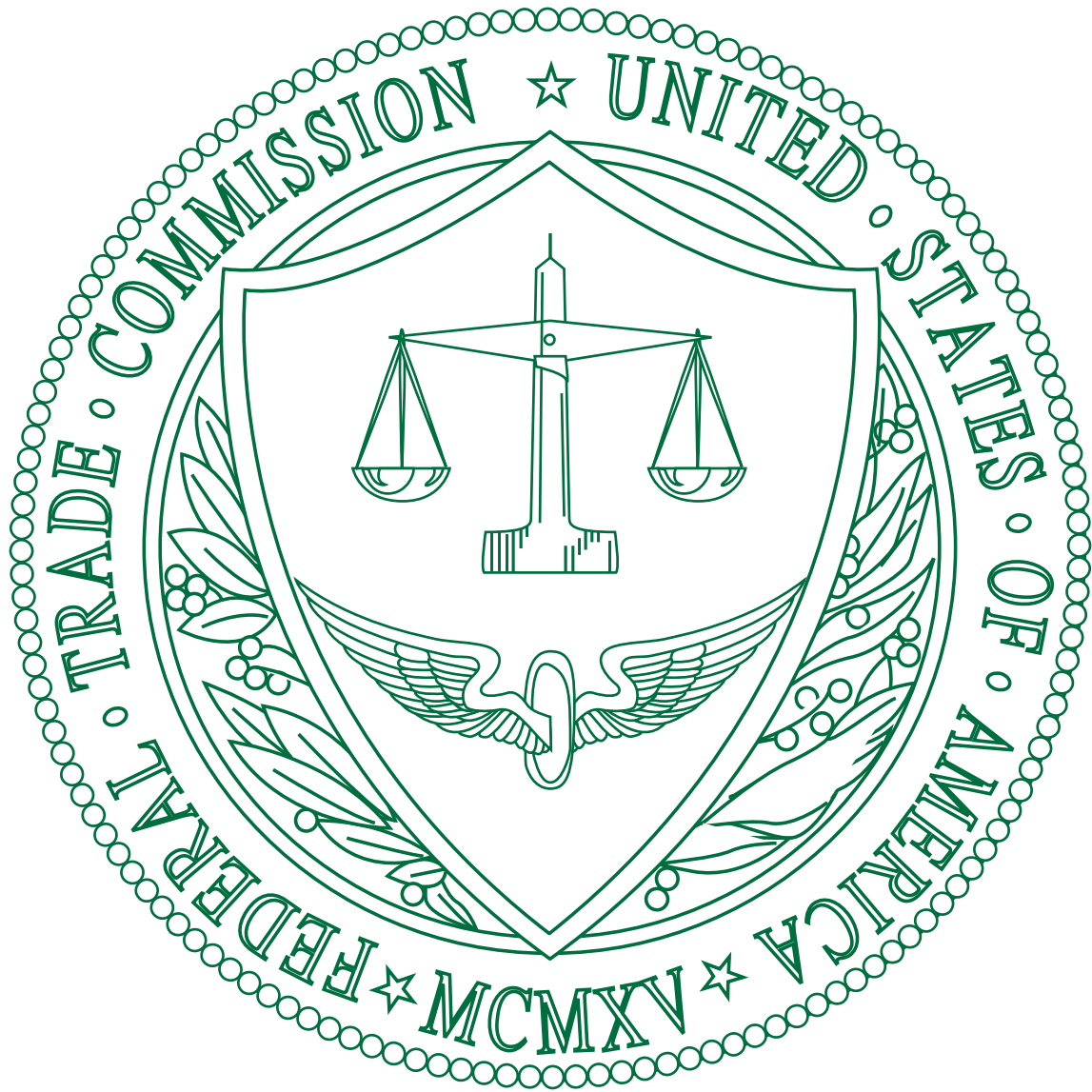
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Budget Request



Budget Request Summary
(\$ in thousands)

	Fiscal Year 2014		Fiscal Year 2015		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Budget by Goal:						
Protecting Consumers	638	\$168,497	638	\$165,879	---	-\$2,618
Promoting Competition	538	129,503	538	127,121	---	-2,382
Total	<u>1,176</u>	<u>\$298,000</u>	<u>1,176</u>	<u>\$293,000</u>	<u>---</u>	<u>-\$5,000</u>

Budget by Funding Source:

Offsetting Collections						
HSR Filing Fees		\$103,300		\$104,500		\$1,200
Do Not Call Fees		15,000		15,000		---
Subtotal Offsetting Collections		<u>\$118,300</u>		<u>\$119,500</u>		<u>\$1,200</u>
General Fund		<u>179,700</u>		<u>173,500</u>		<u>-6,200</u>
Total		<u>\$298,000</u>		<u>\$293,000</u>		<u>-\$5,000</u>

Summary of Changes
(\$ in thousands)

	FY 2014	FY 2015	Change
Budget Authority	\$298,000	\$293,000	-\$5,000
Full-time Equivalents	1,176	1,176	+0

Explanation of Changes:

	FTE	Dollars
A. Decreases		
Decrease in costs related to space replacement and relocation of staff	---	-\$5,386
Decrease in costs associated with technology investments	---	-4,685
Subtotal	---	-\$10,071
B. Mandatory Expenses		
Pay Adjustments	---	+\$2,828
Federal Employee Retirement System (FERS) plan increase	---	+190
Contract and other non-pay inflation	---	+2,053
Subtotal	---	+\$5,071
Total Change	---	-\$5,000

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Federal Trade Commission Fiscal Year 2015 Overview Statement

The Federal Trade Commission (FTC) has a unique dual mission to both protect consumers and promote competition in broad sectors of the economy. The work of the FTC is critical to protecting and strengthening free and open markets and promoting informed consumer choice. The FTC performs its mission through the use of a variety of tools including law enforcement, rulemaking, research, studies of marketplace trends and legal developments, and consumer and business education. The FTC's vision is a U.S. economy characterized by vigorous competition and consumer access to accurate information, yielding high-quality products at competitive prices and encouraging efficiency, innovation and consumer choice.

Highlights of FY 2013 Accomplishments

In FY 2013, 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.

PROTECTING CONSUMERS

In FY 2013, the FTC emphasized protecting financially distressed consumers, protecting consumer privacy and data security, prosecuting false or deceptive health claims, and protecting children in the marketplace. The Commission also focused on telemarketing, mobile payments, cramming, and auto financing.

The FTC filed 72 new complaints in federal district court and obtained 98 permanent injunctions and orders requiring defendants to pay more than \$171 million in consumer redress or disgorgement of ill-gotten gains, as well as 2 civil contempt orders of more than \$26.5 million. In addition, cases referred to the Department of Justice (DOJ) resulted in 15 court judgments for civil penalties of more than \$41.4 million. Furthermore, the FTC filed 16 new administrative actions and obtained 27 administrative orders in past and new cases.

During the same timeframe, the Commission issued 13 reports, released 256 new consumer and business education publications, and released 33 consumer and business education videos and audio public service announcements.

Protecting Financially Distressed Consumers

Although the economy is improving, many consumers are still in difficult financial straits. The FTC has continued to take enforcement actions to stop schemes that target financially distressed consumers.

- **Deceptive Mortgage Practices:** In FY 2013, the FTC brought a law enforcement action against Apex Members, a mortgage relief scheme that allegedly deceived homeowners facing foreclosure by falsely touting legal assistance and “forensic audits.” A federal court halted the operation and the case is in litigation.

The FTC also resolved a case against another purported mortgage relief scheme that allegedly deceived homeowners into believing they could avoid foreclosure and reduce their mortgage payments by suing their lenders in so-called “mass joinder” lawsuits or by buying “forensic loan audits.” To resolve the FTC’s charges, the defendants — Brian Pacios and his company, Sameer Lakhany and his companies, and Assurity Law Group, Inc. — agreed to pay \$1.87 million and sell their assets, including a Ferrari and two rental properties in Las Vegas owned by Pacios.

In addition to these cases, the FTC sent letters to twenty companies to warn them that their advertisements may not be in compliance with the Mortgage Acts and Practices Advertising Rule and the FTC Act. The FTC sent the letters in coordination with the Consumer Financial Protection Bureau (CFPB), which issued warning letters to approximately a dozen other companies. Both agencies opened nonpublic law enforcement investigations of other advertisers that may have violated federal law.

- **Tax Relief:** American Tax Relief LLC and its owners agreed to surrender more than \$15 million to settle FTC charges they falsely claimed they could reduce consumers’ tax debts in exchange for up-front fees. Under the settlement, the defendants are permanently banned from engaging in telemarketing, and the two owners are also banned from selling debt relief services.
- **Debt Collection:** The FTC has continued to take action against debt collectors engaging in deceptive and abusive collection practices. At the request of the FTC, a U.S. district court halted Western Performance Group, a debt collection operation that allegedly extorted payments from consumers by using false threats of lawsuits and calculated campaigns to embarrass consumers by unlawfully communicating with family members, friends, and coworkers. The court froze the operation’s assets during the pendency of the litigation. In addition, the FTC charged another debt collection operation, Goldman Schwartz, with illegally using insults, lies, and false threats to collect on payday loans.

The world’s largest debt collection operation, Expert Global Solutions and its subsidiaries, agreed to pay \$3.2 million to resolve FTC allegations that it made

illegal debt collection calls. The civil penalty is the largest the FTC ever obtained against a third-party debt collector. Among other things, the FTC charged the defendants with calling consumers multiple times per day, calling even after being asked to stop, and leaving phone messages that disclosed the debtor's name and the existence of the debt to third parties. Under the settlement, whenever a consumer disputes the validity or the amount of the debt, the defendants must either close the account and end collection efforts, or suspend collection until they have conducted a reasonable investigation and verified that their information about the debt is accurate and complete. The order also restricts situations in which the defendants can leave voicemails that disclose the alleged debtor's name and the fact that he or she may owe a debt.

The FTC also issued a staff report in January 2013 titled "The Structure and Practices of the Debt Buying Industry," which was the first empirical study of debt buyers — companies that are in the business of buying consumer debts and trying to collect on them. The report found that while debt buyers were provided with some important information concerning the debts, they did not receive some key information, such as whether the consumer had previously disputed the debt or whether the debt was previously verified. The FTC continues to explore data integrity in debt collection, and in June 2013, co-hosted with the CFPB a roundtable to examine the flow of consumer data throughout the debt collection process.

- **Credit-Related Offers:** The Commission took action against a number of other operators preying on financially distressed consumers, offering "financial solutions" that never materialized. At the request of the FTC, a federal court halted a debt relief operation, Financial Freedom Credit Counseling, for allegedly charging cash-strapped consumers hundreds of dollars based on the false claim that it could obtain rates as low as zero percent. In addition, Innovative Wealth Builders and three principals agreed to pay \$9.9 million and to a ban on selling debt relief services and telemarketing any goods or services to settle FTC charges that they allegedly operated a credit card interest rate reduction scam.
- **Payday Lending:** A federal court ruled in favor of the FTC in its case against Direct Benefits Group, an online operation that illegally debited consumers' bank accounts. Consumers visited the defendants' websites to apply for payday loans, and near the end of the loan application form, defendants offered unrelated programs for items such as food and merchandise discounts. Many consumers who clicked to submit an application were enrolled unwittingly into the programs, which charged their bank accounts up to \$59.90 per month. The court found that a permanent injunction to stop these illegal practices was warranted and that consumers were entitled to the return of more than \$9.5 million.

At the FTC's request, a federal court halted another phony payday loan broker operation run by Sean Mulrooney and Stephen Ogaga and five companies they controlled, which used consumers' personal financial information to debit their bank

accounts without their authorization. In addition, defendants in two other operations that allegedly bilked consumers of millions of dollars agreed to be banned from providing various types of financial services used in their schemes and to the imposition of a \$25.3 million judgment against Brett Fisher, a repeat offender who settled charges with the FTC in 2009 in a scam involving both advance-fee credit cards and bogus interest-rate reduction claims.

- **Timeshare Resales:** Fraud operators have targeted financially distressed consumers who are attempting to sell their timeshares with false claims that they could sell the property quickly in exchange for an up-front fee. In June 2013, the FTC worked with its federal, state, local, and international law enforcement partners to bring 191 actions to stop these scams. The FTC filed three of these actions, halting the operations of Resort Solution Trust, Resort Property Depot, and Vacation Communications Group, which took more than \$18 million from consumers throughout the country who were trying to sell their timeshare properties. Although the defendants allegedly claimed that they had buyers for the properties or the timeshares would be sold in a specified time period, at most, the defendants provided agreements to “advertise” consumers’ timeshare units.
- **Business Opportunities:** The FTC expanded its fight against deceptive business opportunity schemes during FY 2013. The FTC announced seven new law enforcement actions against Shopper Systems, American Business Builders, Career Advancement Group, Smart Tools, Rebate Data Processor, and the Zaken Corp for allegedly falsely promising jobs and opportunities to “be your own boss” to consumers who are unemployed or underemployed. Six of these actions are the first cases brought under the FTC’s recently updated Business Opportunity Rule, which requires business opportunity sellers to provide specific information to help consumers evaluate a business opportunity, and provides a simple, one-page disclosure form. The FTC also took action against The Tax Club, a telemarketing operation that allegedly took in \$200 million from consumers who were trying to start home-based businesses. The defendants allegedly made false claims about the services they offered and their ability to help the consumers’ businesses succeed. Finally, the FTC stopped Rose Marketing, an elusive business opportunity scheme that allegedly conned more than \$6 million from American and Canadian consumers. The FTC charged that the defendants falsely promised consumers that they could make money by referring merchants in their area to the defendants’ non-existent money-lending service.
- **Investment and Get-Rich-Quick Schemes:** The promoters of a bogus investment scheme, American Precious Metals, agreed to pay more than \$24 million to resolve FTC charges they conned consumers into buying precious metals on credit without clearly disclosing significant costs and risks. Under the settlement agreements, several defendants are permanently banned from marketing any investment

opportunities, and another defendant is banned from marketing precious metals investments.

In addition, at the request of the FTC, and Illinois, Kentucky, and North Carolina, a federal court halted operation of Fortune Hi-Tech Marketing, an allegedly illegal pyramid scheme, pending trial. The operation allegedly claimed the consumers would make substantial income by joining the program and affected more than 100,000 consumers.

Russell and Catherine Dalbey settled charges that they allegedly defrauded consumers with promises of making big bucks by brokering seller-financed promissory notes. The order bans the Dalbeys from telemarketing and requires them to disclose their assets in sworn financial statements, repatriate all foreign assets, and cooperate fully as the FTC and the Colorado Attorney General's office determine how much of an agreed-upon \$330 million judgment they can pay.

- **Unauthorized Charges:** At the request of the FTC, a federal court temporarily halted Ideal Financial Solutions, an operation that allegedly debited hundreds of thousands of consumers' bank accounts and billed their credit cards more than \$25 million without their consent. The defendants targeted financially vulnerable consumers who had never contacted them. It is not known how the defendants got the consumers' financial information, but some consumers had recently applied for payday loans via the Internet, and entities that receive these applications often sell the information to other parties.
- **Recovery Sales:** An operation that allegedly bilked consumers by falsely claiming it could help them recover money they lost in previous scams is banned from selling recovery services under a default judgment against Business Recovery Services LLC and a consent judgment against its owner, Brian Hessler. The default judgment imposes a \$5.2 million judgment against Business Recovery Services. The consent judgment against Hessler imposes a \$5.2 million judgment that was suspended upon payment of \$90,000.

Privacy and Data Security

The FTC has employed a multi-pronged approach to protect the privacy of consumers' personal information, including policy efforts, rulemaking, and law enforcement.

Policy Efforts:

- **Facial Recognition:** In October 2012, the FTC issued a staff report, "Facing Facts: Best Practices for Common Uses of Facial Recognition Technologies," to help companies using facial recognition technologies protect consumers' privacy. The staff report recommends that companies design services with privacy in mind, taking steps to make sure consumers know when they come in contact with facial recognition technologies. The report says consumers should have to give their

permission for biometric data from their facial images to be collected or used, and also when a company wants to use data previously collected in a new way.

- **Comprehensive Data Collection:** In December 2012, the FTC hosted a workshop to explore the comprehensive collection of data on consumers' online activities across the Internet. For example, entities such as Internet Service Providers (ISPs) have access to large amounts of unencrypted data that their customers send and receive. Browsers, operating systems, and social media also may be able to develop highly detailed and comprehensive profiles of customers without their knowledge. The workshop brought together consumer protection organizations, academics, business and industry representatives, privacy professionals, and others to examine the collection and use of the data, the potential benefits of data collection, privacy concerns, and related issues.
- **Mobile Privacy Disclosures:** The FTC issued a staff report in February 2013 recommending ways that key players in the rapidly expanding mobile marketplace can better inform consumers about their data practices. Most of the recommendations involve making sure that consumers get timely, easy-to-understand disclosures about what data is collected and how the data is used.
- **Credit Report Accuracy:** A December 2012 FTC study of the U.S. credit reporting industry found that five percent of consumers had errors on one of their three major credit reports that could result in them paying more for products such as auto loans and insurance.

Rulemaking Efforts:

- **COPPA:** The FTC adopted final amendments to the Children's Online Privacy Protection Rule (COPPA Rule) that strengthen kids' privacy protections and give parents greater control over the personal information that websites and online services may collect from children under 13. Among other things, the updates clarify that geolocation information, photographs, and videos constitute personal information that cannot be knowingly collected from kids under 13 without a parent's permission. The changes also cover identifiers like IP addresses and mobile device IDs that can recognize users over time and across different sites and services. The amendments to the Final Rule went into effect on July 1, 2013.

Law Enforcement Efforts:

- **Apps:** Path Inc., operators of a social networking app, agreed to pay \$800,000 to settle FTC charges that it deceived users by collecting personal information from their mobile device address books without their knowledge and consent. The order requires Path, Inc. to establish a comprehensive privacy program and obtain independent privacy assessments every other year for the next 20 years.

- **COPPA:** Artist Arena, the operator of fan websites for music stars Justin Bieber, Rihanna, Demi Lovato, and Selena Gomez, agreed to pay a \$1 million civil penalty to settle FTC charges that it violated the COPPA Rule by improperly collecting personal information from children under 13 without their parents' consent. The settlement bars future violations of the COPPA Rule and requires that Artist Arena delete information collected in violation of the Rule.
- **Data Security:** HTC America, a mobile device manufacturer, agreed to settle FTC charges that it failed to take reasonable steps to secure the software it developed for its smartphones and tablet computers. The FTC alleged that the software had security flaws that could potentially allow malicious applications to send text messages, record audio, and even install malware onto the devices, all without the owners' knowledge or consent. Among other things, the settlement requires HTC to develop and release software patches to fix vulnerabilities found in millions of HTC devices. In addition, a leading cord blood bank, Cbr Systems, agreed to settle FTC charges that its security practices contributed to a breach that exposed the personal information of nearly 300,000 consumers. The FTC alleged that Cbr did not use reasonable security to protect customers' information, such as Social Security and credit card numbers. The settlement requires the company to submit to independent security audits every other year for the next 20 years. The FTC also filed a complaint against LabMD for allegedly failing to reasonably protect the security of consumers' personal data, including medical information. The complaint alleges that in two separate incidents, LabMD exposed the personal information of approximately 10,000 consumers.
- **Fair Credit Reporting Act:** The FTC continued to enforce the provisions of the Fair Credit Reporting Act (FCRA) in FY 2013. In August 2013, Certegy Check Services, Inc., one of the nation's largest check authorization service companies, agreed to pay \$3.5 million to settle FTC charges that it did not follow proper dispute procedures and failed to follow reasonable procedures to assure maximum possible accuracy of the information it provided to its merchant clients, as required by the FCRA. In March 2013, Equifax Information Services agreed to pay \$393,000 to settle FTC charges that it improperly sold lists of consumers who were late on their mortgage payments. As part of a separate settlement, in October 2012, Direct Lending Source agreed to pay a \$1.2 million civil penalty and is barred from using or selling prescreened lists without a permissible purpose, or in connection with solicitations for debt relief or mortgage assistance relief products or services.

Identity Theft

- The Commission maintains the federal government's central repository for identity theft complaints. Consumers can file complaints through the agency's website or by calling a toll-free number (1-877-ID-THEFT). Trained counselors advise identity theft victims about their rights and the remedies available to them under federal law. In FY 2013, the FTC released a series of video tips to help consumers

protect their personal information online. In addition, the FTC hosted a workshop exploring how identity theft impacts older Americans.

Keeping Pace With Technology

The FTC continues to focus on consumer protection issues that arise from the use of new technologies, such as the explosive growth in the use of mobile devices.

- **Mobile Payments:** In March 2013, the FTC issued a staff report based on a recent FTC workshop highlighting key issues facing consumers and companies as they adopt mobile payment services. The report, “Paper, Plastic...or Mobile?: An FTC Workshop on Mobile Payments” encourages companies to develop clear policies on how consumers can resolve disputes arising from a fraudulent mobile payment; encourages industry to adopt strong security measures; and highlights the need for mobile payment companies to incorporate strong privacy practices and consumer choice into their products from the outset, and provide consumers transparency into their data practices.
- **Mobile Apps:** The FTC also released its second report reviewing kids’ apps sold in Google Play and Apple App stores. According to this follow-up report, most apps do not say anything about the information they collect, and many share kids’ personal info like geolocation or phone numbers with other companies – without telling parents. To help educate parents about these issues, the FTC released a new infographic that shows what app developers might be doing and what to consider when downloading an app on your phone or tablet. The FTC also released a new video designed to give mobile app developers information they can use to ensure that their innovative efforts also protect the interests of consumers.
- **Advertising Guidance:** In March 2013, the FTC released updated guidance for mobile and other online advertisers that explains how to make disclosures clear and conspicuous to avoid deception. The new guidance document, “.com Disclosures: How to Make Effective Disclosures in Digital Advertising,” takes into account the expanding use of smartphones with small screens and the rise of social media marketing. It also contains mock ads that illustrate the updated principles.
- **Mobile Cramming:** In FY 2013, the FTC filed its first case against mobile cramming – the placement of unauthorized charges on mobile phone bills. The FTC took legal action to shut down Wise Media, an operation that allegedly signed consumers up for so-called “premium services” that sent text messages with horoscopes and other information, and then placed repeating charges of \$9.99 per month on mobile phone bills, all without consumers’ knowledge or permission. In its second mobile cramming case and the first involving Wireless Access Protocol (WAP) billing and scareware, Jesta Digital agreed to pay more than \$1.2 million to the FTC and provide refunds to a large number of consumers for allegedly

cramming unwanted charges onto consumers' cell phone bills. The FTC also took action to halt the operation American eVoice for allegedly placing more than \$70 million in bogus charges on consumers' phone bills. In addition to these cases, the FTC held a roundtable that brought together consumer advocates, industry representatives, and government regulators to explore various mobile cramming issues, including how mobile cramming occurs and how to protect consumers from this practice.

- **Text Message Spam:** The FTC filed nine cases that charged 39 defendants with collectively sending more than 180 million unwanted text messages to consumers, many of whom had to pay for receiving the texts. The messages promised consumers free gifts or prizes, including \$1,000 gift cards to major retailers. Consumers who clicked on the links in the messages found themselves caught in a confusing and elaborate process that required them to provide sensitive personal information, apply for credit, or pay to subscribe to services to get the supposedly "free" cards.
- **Mobile Threats:** The FTC hosted a public forum on mobile security issues, including potential threats to U.S. consumers and possible solutions to those threats. The forum brought together technology researchers, industry members, and academics to explore the security of existing and developing mobile technologies and the roles various members of the mobile ecosystem can play in protecting consumers from these types of security threats.

Telemarketing

- **Do Not Call Rule Violations:** On the tenth anniversary of the Do Not Call Registry in June 2013, the FTC announced the largest fine ever collected for alleged violations of the Do Not Call provisions of the agency's Telemarketing Sales Rule. Mortgage Investors Corporation, one of the nation's leading refinancers of veterans' home loans, will pay a \$7.5 million civil penalty to resolve allegations that it called more than 5.4 million U.S. Service members and veterans whose phone numbers were on the Do Not Call Registry and misrepresented the cost of and savings from refinancing mortgages. This case also represents the first action brought by the FTC to enforce the Mortgage Acts and Practices - Advertising Rule, which allows the FTC to collect civil penalties for deceptive mortgage ads.
- **Robocalls:** One of consumers' biggest sources of frustration recently has been the onslaught of illegal robocalls. In FY 2013, the FTC escalated its campaign against these illegal robocalls by using every tool at its disposal to stop them, including aggressive law enforcement, initiatives to spur technological solutions, and broad consumer education.

The FTC put a stop to the activities of five companies, Treasure Your Success, Ambrosia Web Design, A+ Financial Center, The Green Savers, and Key One

Solutions, allegedly responsible for millions of illegal pre-recorded calls from “Rachel” and others from “Cardholder Services.” These operations allegedly deceived consumers into paying hundreds or thousands of dollars by making phony claims that they could reduce credit card interest rates in return for an upfront fee. A federal court also temporarily halted the practices of The Cuban Exchange, a robocall operation that allegedly impersonated the FTC in an attempt to trick consumers into turning over their bank account information and other sensitive personal data.

The FTC hosted a Robocall Summit in October 2012 that brought together stakeholders to explore innovations designed to trace robocalls, prevent wrongdoers from faking caller ID data, and stop unwanted calls. In addition, the FTC challenged the public to create an innovative technological solution to block robocalls by launching the Robocall Challenge. This is the agency’s first contest on Challenge.gov, an online challenge platform administered by the U.S. General Services Administration in partnership with ChallengePost. Out of the nearly 800 eligible submissions, two winners tied for the \$50,000 prize for Best Overall Solution to block illegal robocalls. The winners’ proposals use technology to intercept and filter out “blacklisted” robocall numbers and accept “whitelisted” numbers from other callers.

The FTC also deployed a full arsenal of consumer education materials to help consumers understand, recognize, and cope with illegal robocalls. The FTC disseminated tips through articles, blog posts, social media, infographics, videos, and audio.

- **Prescription Benefit Card Scam:** The FTC shut down AFD Medical Advisors, a medical discount scheme that scammed older Americans across the country by offering phony discounts on prescription drugs and pretending to be affiliated with Medicare, Social Security, or medical insurance providers. The FTC alleges that older Americans were targeted by deceptive callers who convinced them to turn over their bank account numbers and used that information to debit money from victims’ accounts.

Fighting Other Types of Fraud

The FTC also has taken action to stop a variety of fraudulent practices in the marketplace.

- **Fraud Survey:** In April 2013, the FTC released the results of its statistical survey of fraud in the United States during 2011. The survey showed that an estimated 25.6 million adults – 10.8 percent of the adult population – were victims of fraud. While online shopping offers greater choice and convenience, the FTC survey indicates that, as of 2011, buyers also were most likely to hear about fraudulent offers on the Internet. Of the total pool of victims of fraud, 17.3 percent were

African-Americans, 13.4 percent were Latinos, and 9 percent were non-Latino whites.

- **Medical Alert Services:** In February 2013, at the request of the FTC, a U.S. district court temporarily shut down Instant Response Systems LLC, an operation that allegedly used deception, threats, and intimidation to induce elderly consumers to pay for medical alert systems they neither ordered, nor wanted.
- **Scareware:** A federal court entered a judgment of more than \$163 million against the sole remaining defendant in the Innovative Marketing case, Kristy Ross, for use of computer “scareware” to trick consumers into thinking their computers were infected with malicious software and then selling them software to “fix” the non-existent problem. The court order also permanently prohibits the defendant from selling computer security software and any other software that interferes with consumers’ computer use and from engaging in any form of deceptive marketing.
- **Protecting Small Businesses:** The FTC charged Merchant Services Direct, an operation that sells credit and debit card payment processing services to small businesses, with making false and unsubstantiated claims that it provides lower rates for processing credit card transactions. The FTC also took action to stop Construct Data Publishers, a Slovakia-based operation that allegedly tricked small businesses and non-profits into collectively paying millions of dollars to be listed in an online directory in which they had no interest in being listed and for which they did not understand they would be charged.
- **Telemarketing Scams:** At the request of the FTC, a U.S. district court ordered the remaining defendants behind a deceptive telemarketing operation known as NHS Systems to pay \$6.9 million. The defendants misrepresented that they were affiliated with the U.S. government and deceived consumers into providing bank account information by promising grants, tax refunds, or health benefits. The court’s order permanently bans the defendants from telemarketing, charging consumers’ bank accounts, and making false and misleading statements.
- **Sweepstakes Scams:** A federal court halted a massive sweepstakes scam that has taken more than \$11 million from consumers throughout the United States and dozens of other countries including Canada, the United Kingdom, France, and Japan since 2009. According to the FTC complaint, Liam O. Moran and his companies mass mailed personalized letters telling consumers that they had won a large cash prize. Consumers were told that they could collect the prize by sending in a small fee of approximately \$20 to \$30.
- **Health Claims:** The FTC continues to take action to stop false and unsubstantiated health claims. In FY 2013, the Commission upheld an Administrative Law Judge’s decision that the marketers of POM Wonderful 100% Pomegranate Juice

and POMx supplements deceptively advertised their products by failing to have adequate substantiation that the products could treat, prevent, or reduce the risk of heart disease, prostate cancer, and erectile dysfunction, and that they were clinically proven to work. The Commission issued a final order that bars the POM marketers from making any claim that a food, drug, or dietary supplement is effective in the diagnosis, cure, mitigation, treatment, or prevention of any disease, unless the claim is supported by two randomized, well-controlled, human clinical trials. The order also requires competent and reliable scientific evidence to support claims about the health benefits, performance, or efficacy of any food, drug, or dietary supplement. The defendants have appealed the Commission's decision, and that appeal is pending.

The FTC also resolved several cases against online marketers that allegedly used fake news sites to market a purported weight loss product, acai berry supplements. To settle the FTC's charges, Clickbooth and its owner paid \$2 million, Beony International and its owner paid more \$1.6 million, and Circa Direct and its owner paid more than \$2 million. The settlements bar the defendants from making deceptive claims about health-related products, among other things.

Protecting Children

In addition to its work related to children's online privacy, the FTC continued to address issues related to marketing food to children and entertainment ratings.

- **Food Marketing:** In December 2012, the FTC released "A Review of Food Marketing to Children and Adolescents: Follow-Up Report," which gauged industry progress on promoting healthier food choices to kids. The report serves as a follow-up to the Commission's 2008 report on food marketing requested by Congress.
- **Entertainment Ratings:** The FTC continued to review the marketing of violent entertainment to children and children's access to mature-rated products. In FY 2013, the FTC released the results of an undercover shopper survey on entertainment ratings enforcement. The survey found that video game retailers continue to enforce age-based ratings, and movie theaters have made marked improvement in box office enforcement. Only 13 percent of underage shoppers were able to buy M-rated video games, while 24 percent were able to buy tickets to R-rated movies, a historic low.

Energy and the Environment

Consumers continue to seek energy-efficient and environmentally-friendly products. The FTC works to ensure that these marketing claims are truthful and based on solid evidence.

In October 2012, the FTC issued revised "Green Guides" designed to help ensure that the claims marketers make about the environmental attributes of their products are

truthful and non-deceptive. The revisions include updates to the existing Guides, as well as new sections on the use of carbon offsets, “green” certifications and seals, and renewable energy and renewable materials claims.

Two of the nation’s leading paint companies, The Sherwin-Williams Company and PPG Architectural Finishes, Inc., agreed to settle FTC charges they misled consumers to believe that some of their paints are free of potentially harmful volatile organic compounds (VOCs). The two companies agreed to settlements with the FTC requiring them to stop making the allegedly deceptive claim that their Dutch Boy Refresh and Pure Performance interior paints, respectively, contain “zero” volatile organic compounds.

Amazon.com, Leon Max, Macy’s, and Sears Roebuck and Co. and its Kmart subsidiaries agreed to pay penalties totaling \$1.26 million to settle FTC charges that they violated the Textile Products Identification Act and the FTC’s Textile Rules by labeling and advertising products as “bamboo,” when they were actually made of rayon. While so-called bamboo textiles often are promoted as environmentally friendly, the process for manufacturing rayon — even when it is made from bamboo — is far from “green.”

A federal court ordered a home insulation marketer to pay a \$350,000 civil penalty for making deceptive and unsubstantiated claims about his products’ insulation capabilities. This is the largest civil penalty awarded for violations of the FTC’s Rule Regarding the Labeling and Advertising of Home Insulation.

Order Enforcement

The FTC continues to place a priority on aggressively enforcing its orders against repeat offenders.

A federal court appointed a receiver and froze the assets of a prize promotion scheme that was run by Glen E. Burke, a repeat offender the agency first stopped from making deceptive telemarketing pitches 15 years ago. The FTC alleged that Burke’s operation told consumers they won a valuable prize, but first needed to make a purchase. After paying money, consumers received only cheap costume jewelry or a lithograph print.

The FTC also is seeking a contempt order against the defendants behind Suntasia Marketing, Inc. for violating a 2008 federal court order. The defendants allegedly engaged in the same deceptive tactics that led to the FTC’s prior charges against them. The FTC alleged that defendants misled recent loan applicants into believing that the defendants would provide them with cash advances or loans, but instead debited consumers’ accounts for membership in a continuity program.

A U.S. district court found that recidivists Kevin and Latrese Hargrave and the companies they control were in civil contempt for violating a previous court order that banned them from deceptively marketing credit repair services. The court ordered the defendants to pay \$6.4 million to the FTC and permanently shut down their credit repair business.

Aid to Criminal Law Enforcement

The FTC continues to refer particularly egregious violators to criminal law enforcement agencies for prosecution. During FY 2013, federal and state criminal authorities charged 76 defendants and their associates with crimes arising from acts investigated or prosecuted by the Commission. During this period, 65 such defendants and their associates were convicted or pled guilty, and 63 defendants were sentenced to prison terms.

International Consumer Protection

In FY 2013, the FTC's Office of International Affairs (OIA) assisted with consumer protection investigations, litigations, 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 fora on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

Strong cross-border cooperation is key to effective law enforcement. At the FTC's request, in FY 2013, Congress renewed the FTC's authority to cooperate with foreign law enforcers by sharing information with them and obtaining information on their behalf. The Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders (U.S. SAFE WEB) Act of 2006 allows law enforcers to achieve greater results together than they could working alone. This year the FTC filed six cases against mostly foreign operators of a massive tech support scam. The FTC used its US SAFE WEB Act tools to work with law enforcers in Australia, Canada, and the U.K., among other countries who provided invaluable assistance to the FTC. Australia and Canada also brought administrative actions for violations of their Do Not Call laws. In FY 2013, the FTC used its SAFE WEB authority to share information in response to 15 requests from 10 foreign law enforcement agencies and issued 15 civil investigative demands on behalf of 6 foreign agencies in 7 investigations. The FTC also expanded its enforcement relationships by entering into memoranda of understanding on enforcement cooperation with the Irish data protection authority, the Nigerian Consumer Protection Council, and the Economic Financial Crimes Commission.

The FTC also coordinated with foreign consumer protection and law enforcement agencies in support of the FTC's travel and timeshare resale scam sweep. The sweep, which involved 191 actions to stop fraudulent operations hawking timeshare property resale services and travel prizes, included 25 actions brought by law enforcement agencies in 10 countries (Canada, Chile, Colombia, Dominican Republic, El Salvador, Israel, Netherlands, Philippines, Spain, and United Kingdom). The FTC took a leading role in various international enforcement networks, serving as the Secretariat of the International Consumer Protection Enforcement Network, a network of consumer protection authorities that combats cross-border consumer fraud, and as Secretariat of the London Action Plan, a public-private network that addresses spam and other messaging abuses.

The FTC also played a lead role in several international policy organizations such as the Organisation for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC) forum in FY 2013. It also convened a roundtable of domestic and international privacy experts to explore how government entities, international organizations, businesses, consumer groups, and other organizations can use voluntary, enforceable, cross-border codes of conduct to protect consumers in cross-border commerce. In FY 2013, the FTC conducted eleven technical assistance missions for developing consumer protection and privacy agencies around the world, supported by a mix of funding sources from the FTC, the U.S. Agency for International Development, and the recipient agencies, and hosted two International Fellows from foreign consumer protection agencies.

The FTC also continued to develop its International Fellows and Interns program, which enables staff from counterpart agencies to work with FTC staff on investigations, subject to confidentiality protections. During FY 2013, Fellows from Korea and Nigeria worked with FTC staff on a variety of consumer protection matters and Fellows from Korea's Communications Commission and the Canadian Radio-Television Commission worked on technology-related consumer protection matters.

Law Enforcement Tools

- **Consumer Response Center:** In FY 2013, the CRC handled more than 37,000 inquiries and complaints from consumers and businesses each week, or 1.9 million annually.
- **Consumer Sentinel Network:** In FY 2013, 5.73 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 2013, telephone numbers on the Registry exceeded 223 million.

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. The FTC provided advocacy comments to the Social Security Administration (SSA) in support of an SSA proposal designed to protect children from identity theft and recommended two refinements to the proposal to provide further safeguards. FTC staff also submitted a comment to the CFPB on disclosure forms designed to help consumers understand the features, costs, and risks of home mortgage loans. The comment stated that the disclosures developed by the CFPB will likely improve the information that consumers receive under current federal regulations, and encourages the CFPB to conduct controlled quantitative testing to help

ensure that the disclosures effectively convey key mortgage terms and are not misinterpreted or misunderstood. The FTC also submitted written comments relating to several states' proposed regulatory changes for passenger vehicle transportation services. The comments submitted to the District of Columbia Taxicab Commission addressed proposed rules that would apply to new smartphone software applications used to arrange and pay for such services.

PROMOTING COMPETITION

The FTC actively enforces the antitrust laws in a range of industries of critical importance to American consumers, including health care, technology, energy, consumer goods and services, and manufacturing. The agency's mission to promote competition remained highly active in FY 2013, with the agency pursuing 27 new competition law enforcement actions (merger and non-merger) 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, bringing two compliance enforcement actions.

The FTC pursued 23 merger enforcement challenges, resulting in 16 consent agreements, two transactions abandoned or restructured as a result of antitrust concerns raised during the course of the investigation, one case in which the Commission filed a complaint in federal court to block an acquisition, and four cases in which the Commission issued administrative complaints. In the federal court case, the judge recently ruled that the acquisition was unlawful and ordered a full divestiture. In one of the administrative matters, the Commission contemporaneously filed a motion for preliminary injunction in federal court, and the matter remains in litigation. In two of the administrative matters, the Commission dismissed its administrative complaints after the parties abandoned their intended transactions, and in the fourth matter, the Commission issued a Consent Order requiring divestitures. In FY 2013, merger enforcement actions spanned numerous markets, including pharmaceuticals, hospitals, high tech and industrial goods, casinos, and energy. In addition to these new enforcement actions, the FTC continued to pursue litigation begun in previous fiscal years (ProMedica Health System/St. Luke's Hospital), successfully concluded litigation in Polypore International/Daramic LLC, and following the Supreme Court's decision in favor of the FTC, accepted for public comment a proposed consent agreement resolving the Phoebe Putney Health System/Palmyra Park Hospital case.

In addition, 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 four non-merger enforcement actions in FY 2013 including challenges to exclusive dealing arrangements,

violations of FRAND commitments, refusals to deal, and illegal exchanges of information by competitors. In addition to these new enforcement actions, the FTC continued to litigate conduct cases initiated in previous fiscal years (McWane, North Carolina Dental Board, Cephalon, Inc., and Actavis, Inc.). In February 2014, the Commission issued its Opinion and Final Order against McWane, Inc., the largest U.S. supplier of ductile iron pipe fittings used in municipal and regional water distribution systems. The Commission affirmed, in part, a May 2013 Initial Decision by the Administrative Law Judge finding that McWane unlawfully maintained its monopoly in the domestic pipe fittings market.

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 and acquisitions, 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 anticompetitive “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. FTC staff estimates that these deals cost consumers up to billions of dollars annually, including substantial costs to the government, which pays almost one-third of the nation’s prescription drug costs.

In June 2013, the FTC won a significant victory in the Supreme Court. In *FTC v. Actavis*, the Court held that pay-for-delay agreements are subject to antitrust scrutiny, thus reversing a lower court dismissal of the case. The FTC will now proceed with its litigation against Actavis, the maker of the drug AndroGel, and two generic drug manufacturers, charging that the companies agreed that the generic manufacturers would abandon their patent challenges relating to AndroGel and delay for nine years the marketing of a generic formulation of the testosterone replacement drug in return for certain “exclusion payments.” The FTC also 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 case has been on hold in federal district court pending the Supreme Court’s decision of Actavis. Also, in the wake of this Supreme Court victory, the FTC will continue pending investigations into pay-for-delay agreements between branded and generic drug manufacturers, examine new settlements that companies file with the Commission pursuant to the Medicare Modernization Act of 2003 and investigate those that raise anticompetitive concerns, and re-examine settlements previously filed with the FTC. The agency will challenge anticompetitive patent settlements and seek relief for consumers as appropriate.

In February 2013, the FTC settled charges against eight independent nephrologists in Puerto Rico that the doctors illegally collectively bargained with insurers and refused to treat health plan patients when the doctors’ price demands were rebuffed. The FTC

alleged that the nephrologists' termination of services for health plan patients resulted in increased prices for nephrology services. The FTC's consent order contains prohibitions to prevent recurrence of the group's conduct, but allows for qualified joint clinical integration or risk sharing arrangements that are necessary to promote quality and efficiency.

In April 2013, the FTC settled its charges that Bosley, Inc., the nation's largest manufacturer of medical/surgical hair restoration procedures, had illegally exchanged competitively sensitive, nonpublic information about its business practices with one of its competitors, Hair Club. The FTC alleged that the exchange of such information, including information about future products, price floors, discounts, and plans for expansion and contraction, could facilitate coordination between Bosley and Hair Club by reducing uncertainty about one another's product offerings, prices, and strategic plans. The FTC ordered Bosley not to communicate such information in the future and to institute a corporate antitrust compliance program.

During FY 2013, the FTC reviewed numerous proposed and consummated acquisitions in pharmaceuticals and related industries and combinations involving hospitals and other health service providers. It took action to preserve competition that otherwise would have been lost due to these proposed and consummated transactions.

For example, in FY 2013, the FTC successfully challenged the acquisition by Watson Pharmaceuticals of Actavis and required the companies to divest the rights and assets pertaining to 18 drugs and relinquish the manufacturing and marketing rights to three other drugs to protect the competition that would otherwise be lost due to the acquisition. In another matter, the FTC challenged Corning's acquisition of Becton, Dickinson and Company's Discovery Labware Division. To preserve the competition that would otherwise be lost in the acquisition, the FTC required Corning to provide assets and assistance to enable another life science company to manufacture tissue culture treated dishes, multi-well plates, and flasks, which are used by researchers at pharmaceutical and bio-tech companies and universities in their cell culture research. The FTC also required Mylan and Agila Specialties to divest 11 generic injectable drugs before allowing Mylan's acquisition of Agila from Strides Acrolab. The FTC alleged that in each of these 11 markets Mylan and Agila were two of only a few current or likely future competitors. Finally, the FTC required Actavis to sell all rights and assets to four generic pharmaceuticals to resolve charges that Actavis' acquisition of Warner Chilcott would be anticompetitive. The FTC alleged that the acquisition would substantially lessen competition in these pharmaceutical markets.

In addition, the FTC, together with the Idaho Attorney General, initiated an action in federal court seeking to block St. Luke's Health System's acquisition of Idaho's largest independent, multi-specialty physician practice group, Saltzer Medical Group. St. Luke's owns and operates six hospitals. The FTC alleged that the combination of St. Luke's hospitals and Saltzer's physicians would give the entity the market power to demand higher rates for health care services provided by primary care physicians in

Nampa, Idaho, and surrounding areas. In January 2014, the District Court in the District of Idaho ruled that the acquisition violated federal and state antitrust laws and ordered St. Luke's to fully divest itself of Saltzer's physicians and assets. In FY 2013, the FTC also settled charges that Universal Health Service's proposed acquisition of Ascend Health Corporation would be anticompetitive in the provision of acute inpatient psychiatric services to commercially insured patients in the El Paso, Texas/Santa Teresa, New Mexico area. The FTC issued an order requiring Universal Health Services to sell its inpatient facility in Santa Teresa, New Mexico, to restore the competition that would otherwise be lost due to the acquisition. In November 2012, the FTC, together with the Attorney General of Pennsylvania, challenged Reading Health System's proposed acquisition of Surgical Institute of Reading. The FTC alleged that the combination of the hospital system and the surgical specialty hospital would harm competition in four specific surgical services in the Reading, PA, area. In light of the Commission's challenge, the parties abandoned the acquisition and the Commission dismissed its complaint.

In 2013, the FTC continued to litigate two hospital merger cases filed in the previous year. In March 2013, the U.S. Court of Appeals for the 6th Circuit heard arguments in the appeal of the Commission's ProMedica decision. ProMedica Health System, Inc. had acquired its rival St. Luke's hospital in Lucas County, Ohio. The Commission, upholding an FTC administrative law judge's Initial Decision, found that the acquisition was anticompetitive and would likely result in higher health care costs for patients, employers, and employees. The Commission's order requires ProMedica to divest St. Luke's Hospital to an FTC-approved buyer. In the other matter, on February 19, 2013 in a unanimous opinion, the Supreme Court ruled that the state action doctrine did not immunize Phoebe Putney Health System, Inc.'s acquisition of its sole rival in Albany, Georgia, Palmyra Park Hospital, Inc. from the federal antitrust laws. The FTC alleged that the deal would create a monopoly and allow the combined Phoebe/Palmyra to raise prices for general acute-care hospital services charged to commercial health plans, harming patients, local employers and employees. The Supreme Court's decision reversed a decision of the 11th Circuit Court of Appeals. In August 2013, the FTC accepted for public comment a proposed consent agreement resolving the case.

In May 2013, the U.S. Court of Appeals for the 4th Circuit upheld a Commission ruling that the North Carolina State Board of Dental Examiners illegally thwarted lower-priced competition by engaging in anticompetitive conduct to prevent non-dentists from providing teeth whitening services to consumers in the state. Specifically, the 4th Circuit agreed with the Commission that a state regulatory board dominated by self-interested private actors cannot shield its anticompetitive conduct from antitrust review using the state action doctrine. After an administrative trial, the Commission had upheld an FTC administrative law judge's decision that the Dental Board's conduct had a clear tendency to suppress competition and lacked any countervailing precompetitive justification, and also that there was direct evidence of anticompetitive effects. In March 2014, the Supreme Court granted the North Carolina State Board of Dental Examiners' petition for certiorari.

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 2013, the FTC continued to examine 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, together with the Department of Justice Antitrust Division, has provided guidance to ACOs, issuing a joint statement of antitrust enforcement policy regarding ACOs.

In addition to these policy-related activities, staff issued two advocacy comments to legislators in Connecticut and one advocacy comment to legislators in Illinois, addressing scope of practice of non-physician health care professionals 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 2012, the FTC issued an administrative complaint seeking to block Integrated Device Technology's proposed acquisition of PLX Technology. The FTC alleged that the acquisition would harm competition in a type of integrated computer circuits (PCIe switches), which perform crucial connectivity functions in computers and other electronic devices. In the face of the Commission's challenge, the parties abandoned the acquisition and the Commission dismissed its complaint. In FY 2013, the FTC successfully resolved its litigation against Polypore International, Inc. The Eleventh Circuit Court upheld an FTC Opinion and Order finding that Polypore's 2008 acquisition of Microporous, its competitor in the market for battery components, was anticompetitive, and requiring Polypore to divest Microporous. In December 2013, the Commission approved Polypore's divestiture application and the buyer of the acquired stock and assets.

In December 2012, the FTC settled charges that IDEXX, the largest supplier of diagnostic testing products used by small animal veterinarians in the United States, used its dominant market power to reduce competition by entering into exclusive distribution arrangements to block rivals access to the top three distributors. The FTC alleged that these actions forced rivals out of the market or made them less effective competitors. The FTC's settlement order prohibits IDEXX from maintaining concurrent exclusive distribution agreements with all three top tier distributors for the next 10 years.

On January 3, 2013, Google Inc. agreed to change some of its business practices to resolve FTC concerns that those practices could stifle competition in the markets for popular devices such as smart phones, tablets and gaming consoles, as well as the market for online search advertising. In a consent order resolving the charges, the FTC required

Google to meet its prior commitments to allow competitors access – on fair, reasonable, and non-discriminatory terms – to patents on critical standardized technologies needed to make popular devices such as smart phones, tablet computers, and gaming consoles, patents that Google had acquired when it bought Motorola Mobility. In a separate letter of commitment to the FTC, Google agreed to remove restrictions on the use of its online search advertising platform, AdWords, that may make it more difficult for advertisers to coordinate online advertising campaigns across multiple ad platforms, and to refrain from misappropriating online content from rival websites that provide specific categories of information such as shopping or travel. Google’s commitment resolves the concerns of some Commissioners that Google’s restrictions may have impaired competition in search advertising.

In September 2013, the FTC required Honeywell International to license patents critical to the manufacture of two-dimensional bar code scanners. The order resolved FTC charges that Honeywell’s acquisition of rival scan engine manufacturer Intermec would be anticompetitive. Scan engines are used in products such as retail store scanners to translate an image (often a UPC barcode) into a digital format that can be interpreted and analyzed by a computer. Also in September 2013, the FTC required media research company Nielsen Holdings to divest and license assets and intellectual property needed to develop national syndicated cross-platform audience measurement services. The FTC’s proposed order resolved its concerns about Nielsen’s proposed acquisition of Arbitron. Nielsen and Arbitron were both developing national syndicated cross-platform audience measurement services, which allow audiences to be measured accurately across multiple platforms, such as TV and online. According to the FTC’s complaint, the elimination of future competition between Nielsen and Arbitron would likely cause advertisers, ad agencies, and programmers to pay more for national syndicated cross-platform audience measurement services.

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 August 2013, the FTC challenged Tesoro Corporation’s acquisition of Chevron Corporation’s Northwest Products Pipeline system and associated terminals, alleging that the acquisition would be anticompetitive in the Boise, Idaho, area. To resolve these charges, the FTC required Tesoro to divest a refined light petroleum products terminal in Boise. Refined light petroleum products include gasoline, diesel fuel, and jet fuel.

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 2013, the agency continued its investigation to determine whether certain oil producers, refiners, transporters, marketers, physical or financial traders, or others 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 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 2013, the FTC issued its eighth 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 2013, the Commission provided three advocacy comments to state utility authorities on energy-related issues.

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 local, 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 2013, the Commission submitted comments to the Colorado Public Utilities Commission, the Anchorage Assembly in Alaska, and the District of Columbia Taxicab Commission concerning competition in the operation of taxicabs and other forms of passenger vehicle transportation services.

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. For example, in October 2012, the Commission hosted a workshop examining competition and consumer protection issues in the pet medications industry. Workshop participants, including veterinarians, pharmacists, economists, lawyers, and others, discussed how current industry distribution and other business practices affect consumer choice and price competition for pet medications.

In November 2012, the FTC held its annual Microeconomics Conference, where scholars and leaders from universities throughout the world, other government agencies, and other organizations gather to discuss the economics of antitrust and consumer protection, and policy issues that FTC economists encounter in their work. This year's

conference focused on the Economics of Privacy, Advertising Markets, and Hospital Competition as well as Firm Behavior and Policy and Structural Modeling.

In December 2012, the FTC and the Department of Justice held a joint workshop to explore the impact of patent assertion entity (PAE) activities on innovation and competition and the implications for antitrust enforcement and policy. PAEs are typically organizations that purchase patents not to practice them, but rather to obtain revenues by licensing the intellectual property to (or litigating against) manufacturers who are already using the patented technology. The workshop examined the economic and legal implications of PAE activity and how they are distinct from typical non-practicing entity activities, which typically engage in developing and transferring technology. To further examine some of the issues raised in the 2012 workshop, in September 2013, the FTC voted to seek public comments on a proposed study of PAEs using its authority under Section 6(b) of the FTC Act.

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 new advanced search function in the Cases and Proceedings section of the updated FTC website, which allows users to search a catalog of the FTC's competition enforcement actions and to view short descriptions of each action. The site also provides access to related case documents such as press releases and legal filings.

International Antitrust

In FY 2013, 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 effectively coordinated reviews of multijurisdictional mergers and continued to work with its international counterparts to achieve consistent outcomes in cases of possible unilateral anticompetitive conduct. The agency cooperated with international counterpart agencies on numerous cases of mutual concern, including mergers such as Hertz/Thrifty and GE/Avio, unilateral conduct matters such as the Google Motorola Mobility case and other cases currently under investigation. The FTC also held meetings with top officials from key counterpart agencies in Europe, Asia, and the Americas.

The Commission continued to play a key role in promoting cooperation and convergence towards sound competition policies internationally through its active participation in multilateral competition organizations. 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, providing opportunities to promote 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. In the ICN, the FTC serves on the steering group, and FTC officials serve in numerous leadership capacities,

including as a co-chair of the Agency Effectiveness Working Group, which promotes best practices in building effective competition enforcement institutions. In this working group, the FTC co-chairs a multi-year project on investigative process, and 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. The FTC continues to play a key role in promoting implementation of the ICN's work on merger notification and review procedures and on convergence in the analysis of unilateral conduct, and one of its staff served as an advisor to the Chair.

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. Following on our MOUs with the Chinese and Indian competition agencies, the FTC worked closely with these agencies during FY 2013 on implementation of their competition laws. The FTC's engagement with China includes joint FTC/DOJ participation in an extensive public/private sector training program for the three Chinese antitrust enforcement agencies. The FTC also conducted multiple programs to train the staff of the Competition Commission of India as it begins to implement its merger review regime. The FTC's technical assistance program this year also conducted competition programs in Armenia, Colombia, Dominican Republic, Indonesia, Mexico, Peru, Philippines, Russia, Turkey, Ukraine and Vietnam, along with regional programs for Africa and Southeast Europe, using a mix of funding from the FTC, USAID, the Commercial Law Development Program of the Department of Commerce, and the U.S. Trade and Development Agency.

We also provide our antitrust expertise to broader US initiatives that implicate competition policy, including, during the fiscal year, through participation in intergovernmental dialogues with India and China, and regarding the Trans Pacific Partnership and the TransAtlantic Trade and Investment Partnership both of which involve competition and consumer protection issues within the FTC's expertise.

The FTC International Fellows and Interns program enables staff from counterpart agencies to work directly with FTC staff on antitrust investigations and cases, subject to appropriate confidentiality protections. During FY 2013, Fellows and Interns from Argentina, Canada, Colombia, Egypt, Japan, Lithuania, South Korea, and Switzerland worked with FTC staff on competition matters. Using its U.S. SAFE WEB Act authority, in FY 2013 the FTC also sent staff members to work on competition matters for three to six months in the Canadian Competition Bureau and the Mexican Federal Competition Commission.

Planned Activities in FY 2014 and Beyond

PROTECTING 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 policy and technical input to foreign governments and international organizations to promote sound consumer policy.

Protecting Consumer Privacy and 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 and data security. The agency will continue to bring law enforcement actions to stop unfair and deceptive privacy and security practices. It also will promote stronger privacy protections through policy initiatives, such as an examination of how data brokers collect and use consumer information. The FTC will also participate in interagency groups, provide technical assistance to Congress on draft legislation, and participate in international privacy initiatives. In addition, the FTC will continue to be the repository for identity theft complaints and make them available to federal criminal law enforcement agencies. Our trained counselors will continue to advise identity theft victims about the rights and remedies available to them under federal law, and educate all consumers about how to avoid becoming a victim. The FTC also will publicize its victim assistance guide for pro-bono attorneys and focus on new and emerging issues related to identity theft.

Stopping Harmful Uses of Technology

The FTC will continue its focus on the consumer protection issues associated with the use of new technology. The FTC will examine issues in the mobile marketplace through surveys and workshops. The agency also will take enforcement action against scams utilizing mobile technology, including mobile cramming and deceptive and unfair apps.

The FTC also will continue its efforts to root out entities responsible for illegal robocalls. Technological advances have made robocalls cheaper and easier to make, and harder for law enforcement to track. The FTC will enforce its Do Not Call rules to stop these calls and will continue to work with other stakeholders to develop solutions to the problems.

As new media open new avenues for companies to communicate with consumers, the FTC will promote compliance. The agency will conduct outreach to businesses that engage in viral, mobile, and affiliate marketing, stressing that existing advertising prin-

ciples apply to new media and methods of marketing. The FTC will also monitor the marketplace and initiate investigations where appropriate.

Protecting Diverse Populations

The FTC will focus on protecting the diverse range of consumers in the marketplace. Although the economy continues to improve, con artists continue to target consumers in financial distress. The FTC will take enforcement action to stop these practices, including deceptive mortgage and debt relief offers, unlawful payday lending practices, and abusive debt collection practices. The FTC will also continue to monitor the deceptive practices related to buying or leasing motor vehicles, which are most consumers' second largest purchase.

In addition, the FTC will continue to combat frauds affecting low-income and underserved consumers. Scams, such as deceptive student loan and career offers and job or other income opportunities, affect everyone, but pose an even greater risk to those from low-income and underserved communities. The FTC also will examine how to protect older consumers in the marketplace, including by developing target consumer education campaigns.

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

Finally, the FTC will continue to protect children and teens from deceptive, unfair, and age-inappropriate advertising. The agency will take enforcement action when appropriate to enforce the revised COPPA Rule to protect children's privacy. In addition, the FTC plans to monitor alcohol advertising and prepare a report to Congress evaluating alcohol companies' compliance with self-regulatory guidelines. Further, the FTC will continue to monitor the marketing of violent entertainment to children and the ability of teens under age 17 to purchase age-restricted products. The FTC also plans to release the results of an online survey of children regarding their access to and use of violent mobile game apps.

Stopping Deceptive Advertising

The FTC will continue to challenge false and unsubstantiated advertising claims. These actions will target various health-related claims, including disease prevention and treatment claims, as well as environmental marketing claims, such as claims that a product is "environmentally-friendly" or is made of recycled content. The FTC also will continue to examine consumers' understanding of environmental claims used in the marketplace.

Stopping Other Types of Fraud and the Gatekeepers that Enable Fraud to Occur

The FTC will continue to bring enforcement actions to stop the various types of fraudulent schemes in the marketplace, including unauthorized charges, negative option schemes, and telemarketing scams. The FTC also will pursue those entities, such as payment processors, that knowingly enable con artists to operate in the marketplace.

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 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, within the OECD, APEC, the London Action Plan, and other multilateral organizations. The FTC will also continue to participate actively in several OECD committees, the International Consumer Protection Enforcement Network, the International Mass Marketing Fraud Working Group, the Global Privacy Enforcement Network, 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.

PROMOTING 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, open, and competitive marketplace provides the incentive and opportunity for new ideas and innovative products and services to develop. The FTC is dedicated to that task, and uses a variety of tools to promote competition and protect consumers from anticompetitive mergers including mergers involving hospitals, medical device manufacturers, pharmaceuticals, and other mergers that are likely to raise

the costs of health care; and to address 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.

Aggressively Challenging Anticompetitive Mergers

Identifying anticompetitive mergers remains one of the top priorities of the agency's Promoting 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 attention to the identification of unreported, usually consummated, mergers that could harm consumers. The number of merger filings under HSR remains high, and 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 2015 and the years ahead.

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. The FTC will continue to stop anticompetitive agreements among health care providers and to challenge hospital, medical device manufacturer, pharmaceutical, and other mergers that are likely to raise the costs of health care. In addition, the FTC will continue to advance its enforcement program to attack anticompetitive "pay-for-delay" settlements in the pharmaceutical industry, which delay the introduction of generic drugs and are estimated to cost consumers and governments up to billions of dollars annually.

Continuing Emphasis on Technology and Intellectual Property

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 2015 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. 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 Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 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 promote 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 2015

The FTC is a highly productive and efficient independent agency tasked with protecting American consumers and promoting competition. In recent years, the agency has faced growing challenges and 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. To maintain its high level of performance in FY 2015, the FTC is requesting \$293,000,000 and 1,176 FTEs. This is an overall decrease of \$5,000,000 below the FTC's FY 2014 enacted appropriation level. Specifically, the FTC's FY 2015 budget request consists of:

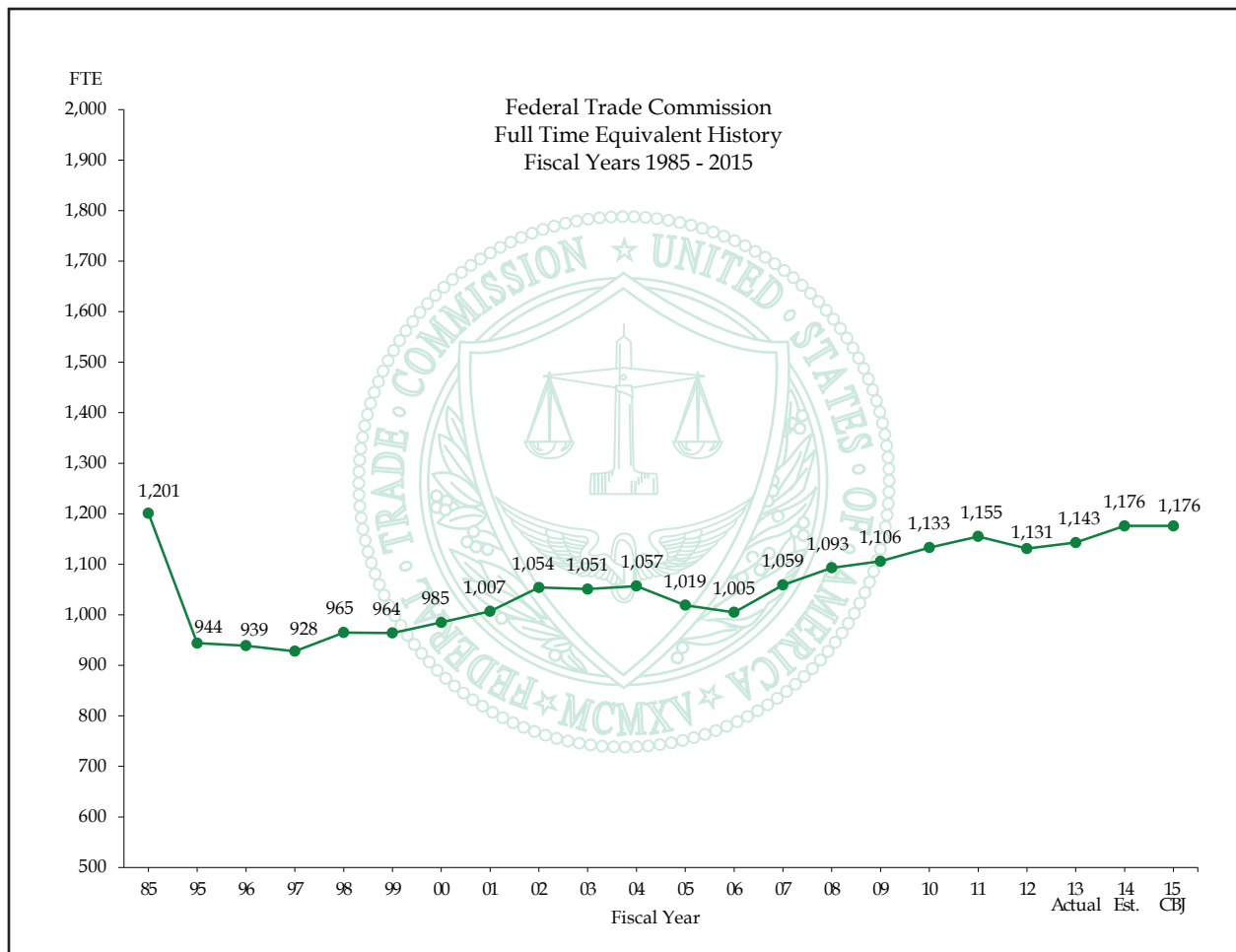
Decrease of \$10,071,000 related to space replacement and relocation of staff, and technology investments:

- \$5,386,000 decrease from the \$9,386,000 amount included in the FY 2014 request for requirements associated with ongoing costs related to replacement of satellite space at 601 New Jersey Avenue and 1800 M Street. The remaining \$4,000,000 in FY 2015 will fund increased costs associated with annual rent and information technology infrastructure requirements at Constitution Center. The FTC continues to partner with the General Services Administration and plans to complete the consolidation of satellite space in Washington, DC in 2014.
- \$4,685,000 decrease from the \$9,330,000 amount included in the FY 2014 request for improvements to FTC's technology infrastructure and projects. The remaining \$4,645,000 in FY 2015 will continue to fund much needed and long overdue improvements to FTC's technology and critical projects. The infrastructure improvements are essential as the FTC strives to keep up with fast-moving technology and equip staff with the tools needed to get the job done more effectively and effi-

ciently. Critical improvement projects include, but are not limited to, E-Discovery Support System (EDSS) on-going support and maintenance, FTC.gov continued development and enhancements, Matter Management System (MMS) enhancement/next generation, financial and procurement systems integration and continued implementation of Electronic Content Management System (ECMS), single sign-on and mobile computing.

Increases of \$5,071,000 for mandatory expenses:

- \$2,828,000 for pay adjustments related to a 2015 pay raise and upward grade classifications pursuant to 5 C.F.R. 531.401 et seq.
- \$190,000 for FTC's contribution to the Federal Employee Retirement System (FERS) plans increase in accordance with revised estimates of the cost of providing benefits by the Board of Actuaries of the Civil Service Retirement and Disability System.
- \$2,053,000 for contracts and other non-pay inflation.



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 2015 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 for 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 Hart Scott Rodino (HSR) filing fees and Do Not Call fees will provide the FTC with \$119,500,000 in FY 2015. The FTC assumes the \$173,500,000 difference between offsetting collections and the \$293,000,000 request will be funded through a direct appropriation.

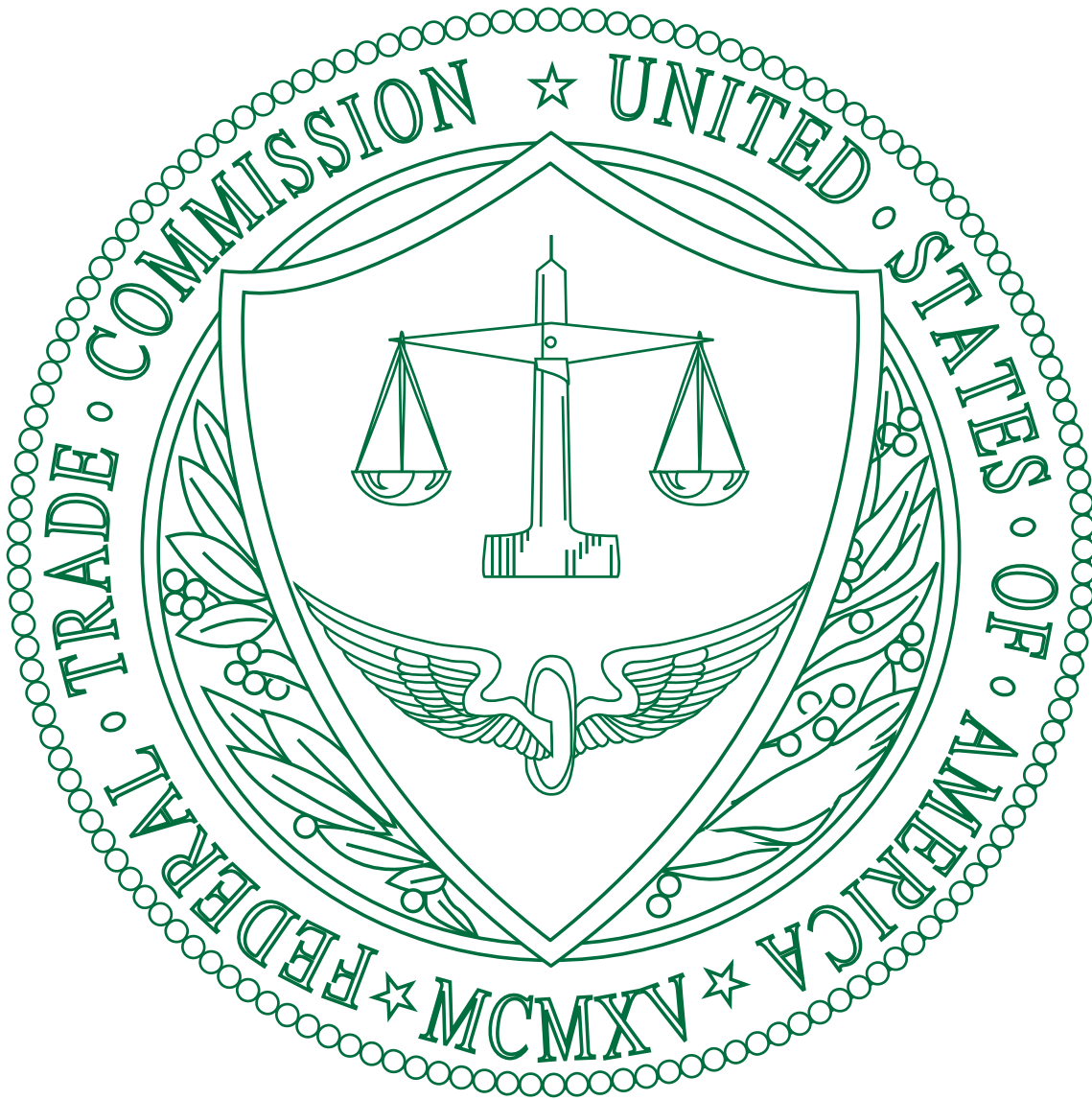
HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC with \$104,500,000 in FY 2015 under the current fee structure. These fees are authorized by section 605 of Public Law 101-162, as amended effective February 1, 2001, in the FY 2001 Commerce-Justice-State Appropriations Act (Section 630, Public

Law 106-553). The HSR Act requires that fees be split 50-50 between the FTC and DOJ's Antitrust Division.

In FY 2016, the President's Budget proposes to increase the HSR fees and index them for the percentage annual change in the gross national product. The fee proposal would also create a new merger fee category for mergers valued over \$1 billion. Under the proposal, the fee increase would take effect in FY 2016.

Do Not Call Fees. This submission assumes offsetting collections of \$15,000,000 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.

Performance Plan



Budgeted Resources by Objective
(\$ in thousands)

Strategic Goal 1: Protect Consumers	FY 2014 FTE	FY 2014 Amount	FY 2015 FTE	FY 2015 Amount
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.	508	\$133,212	508	\$131,275
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.	97	25,448	97	25,101
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.	33	9,837	33	9,503
Total	638	\$168,497	638	\$165,879

Strategic Goal 2: Maintain Competition	FY 2014 FTE	FY 2014 Amount	FY 2015 FTE	FY 2015 Amount
Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that cause harm to consumers.	480	\$113,937	480	\$111,983
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	45	10,728	45	10,534
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.	13	4,838	13	4,604
Total	538	\$129,503	538	\$127,121

Objectives by FTE
(\$ in thousands)

Protecting Consumers	Fiscal Year 2014				Fiscal Year 2015			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Privacy and Identity Protection	45	11	1	57	45	11	1	57
Financial Practices	75	9	8	92	75	9	8	92
Marketing Practices	85	5	6	96	85	5	6	96
Advertising Practices	50	7	1	58	50	7	1	58
Enforcement	50	3	1	54	50	3	1	54
Planning and Information	48	3	0	51	48	3	0	51
Consumer and Business Education	0	23	0	23	0	23	0	23
Economic and Consumer Policy Analysis	2	4	0	6	2	4	0	6
Management	22	7	0	29	22	7	0	29
Support	131	25	16	172	131	25	16	172
Total	508	97	33	638	508	97	33	638

Promoting Competition	Fiscal Year 2014				Fiscal Year 2015			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Premerger Notification	16	3	0	19	16	3	0	19
Merger and Joint Venture Enforcement	184	12	1	197	184	12	1	197
Merger and Joint Venture Compliance	9	2	0	11	9	2	0	11
Nonmerger Enforcement	126	8	2	136	126	8	2	136
Nonmerger Compliance	2	0	0	2	2	0	0	2
Antitrust Policy Analysis	3	4	0	7	3	4	0	7
Other Direct	16	4	0	20	16	4	0	20
Support	124	12	10	146	124	12	10	146
Total	480	45	13	538	480	45	13	538

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Government Performance and Results Modernization Act (GPRMA)

The FY 2015 budget request is based on the FTC's new Strategic Plan for FYs 2014 to 2018 and is supported by the FY 2014 and FY 2015 Performance Plan included in this submission. In FY 2013, 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. Changes and adjustments to performance measures in FY 2014 due to the new strategic plan are identified. To see the FTC's performance and budget documents, please see <http://www.ftc.gov/about-ftc/performance> and <http://www.ftc.gov/about-ftc/budgets>.

The President's Budget identifies the lower-priority program activities, where applicable, as required under the GPRMA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access this information at: <http://www.whitehouse.gov/omb/budget>. The FTC does not have any lower-priority program activities.

Agency and Mission Information

Mission

Working to protect consumers by preventing anticompetitive, deceptive, and unfair business practices, enhancing informed consumer choice and public understanding of the competitive process, and accomplishing this without unduly burdening legitimate business activity.

Vision

A vibrant economy characterized by vigorous competition and consumer access to accurate information.

Overview

The FTC is an independent Executive Branch law enforcement agency with both consumer protection and competition jurisdiction in broad sectors of the economy. The agency administers a wide variety of laws and regulations such as the Federal Trade Commission Act, Telemarketing Sales Rule, Identity Theft Act, Fair Credit Reporting Act, and Clayton Act. In total, the Commission has enforcement or administrative responsibilities under more than 70 laws (see <http://www.ftc.gov/ogc/stats.shtm> for a

listing). The FTC also enforces rules issued pursuant to the Federal Trade Commission Act or other laws, including the Business Opportunity Rule and the Telemarketing Sales Rule.

The FTC regularly reports to Congress, the President, and the public on actions it takes to pursue vigorous and effective law enforcement, advance consumers' interests by sharing expertise with domestic and international government agencies, develop policy, and educate consumers and businesses. The agency is headquartered in Washington, DC and has seven regional offices.

The agency maintains a website at www.ftc.gov that provides information for consumers and businesses, as well as online forms to file complaints. The website includes a Budget and Performance page that contains the agency's current and prior financial and performance reports, as well as information on performance goal definitions and data quality.

Organizational Structure

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. When the FTC was created in 1914, its purpose was to prevent unfair methods of competition in commerce as part of the battle to "bust the trusts." Over the years, the Congress passed additional laws giving the agency greater authority over anticompetitive practices.

Recognizing that unfair and deceptive practices can distort a competitive marketplace as much as unfair methods of competition, in 1938 the Congress passed a broad prohibition against "unfair or deceptive acts or practices in or affecting commerce." Since then, the FTC also has been directed to enforce a wide variety of other consumer protection laws and regulations.

The FTC is headed by a five-member Commission, nominated by the President and confirmed by the Senate, each serving a 7-year term. The President chooses one commissioner to act as Chair. No more than three commissioners may be from the same political party.

The FTC's mission is carried out by the Bureaus of Consumer Protection, Competition, and Economics as well as the Offices of the General Counsel, International Affairs, Policy and Planning, the Secretary, the Executive Director, Congressional Relations, Public Affairs, Administrative Law Judges, Equal Employment Opportunity, and Inspector General.

Data Validation and Verification

The performance results described in this report enable the FTC to administer its programs, gauge their success, and make adjustments necessary to improve program quality for the public. New in FY 2014, the agency will maintain a Data Quality Appendix on each of its publicly-reported performance measures and indicators. This appendix will be available at <http://www.ftc.gov/about-ftc/performance>. Additionally, the following steps outline how the agency ensures the performance information it reports is complete, reliable and accurate:

- The FTC has adopted a central internal repository for performance data entry, reporting and review. The electronic data tool reduces human error, increases transparency, and increases review by senior management.
- The agency maintains procedures used to ensure timely reporting of complete, accurate, and reliable actual results relative to the key performance measures.
- The agency holds program managers accountable to set meaningful and realistic targets that also challenge the agency to leverage its resources. This includes ensuring ongoing monitoring of performance targets so they are updated to reflect changes in key factors that impact the agency's ability to achieve such results. Further, when appropriate, program managers are required to explain how they will improve performance when targets are not met.
- The agency conducts quarterly performance measurement reviews with management as well as periodic senior management and commission review throughout the fiscal year. This process includes substantiating that actual results reported are indeed correct whenever those results reveal significant discrepancies or variances from the target.

Agency program managers also monitor and maintain automated systems and databases that collect, track, and store performance data, with support provided by the FTC's Office of the Chief Information Officer. In addition to the general controls which ensure only authorized staff can access key systems, each application (system) incorporates internal validation edits to ensure the accuracy of data contained therein. These application edits include checks for reasonableness, consistency, and accuracy. Crosschecks between other internal automated systems also provide assurances of data accuracy consistency. In addition to internal monitoring of each system, experts outside of the business units (e.g., the Bureaus of Consumer Protection and Competition) routinely monitor the data collection. For example, senior economists from the Bureau of Economics review statistical data used by the Bureau of Competition to calculate performance results.

Annual Performance Measures: Targets for Fiscal Years 2014 to 2015

	FY 2014 Target	FY 2015 Target
Strategic Goal 1 - Protect Consumers		
Objective 1.1 - Identify and take actions to address deceptive or unfair practices that harm consumers.		
Performance Goal 1.1.1: Percentage of the FTC's consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC.	80.0%	
Performance Goal 1.1.2: Rate of customer satisfaction with the FTC's Consumer Response Center.	A) For the website, exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. B) For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.	
Key Performance Goal 1.1.3: Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.	Base year to gather data	TBD
Key Performance Goal 1.1.4: Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.	Base year to gather data	TBD
Objective 1.2 - Provide the public with knowledge and tools to prevent harm to consumers.		
Performance Goal 1.2.1: Rate of consumer satisfaction with FTC consumer education websites.	Exceed average citizen satisfaction rate as published in the E-Government Satisfaction Index.	
Key Performance Goal 1.2.2: Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.	11,250	11,500
Performance Goal 1.2.3: Number of workshops and conferences the FTC convened that address consumer protection problems.	12	
Performance Goal 1.2.4: Number of consumer protection reports the FTC released.	10	
Objective 1.3 - Collaborate with domestic and international partners to enhance consumer protection.		
Performance Goal 1.3.1: Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhance consumer protection.	Base year to gather data	TBD
Key Performance Goal 1.3.2: Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions, or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.	40	
Performance Goal 1.3.3: Number of instances of policy advice or technical assistance provided to foreign consumer protection and private agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC.	60	
Performance Goal 1.3.4: Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful in whole or in part.	55.0%	

Annual Performance Measures: Targets for Fiscal Years 2014 to 2015

	FY 2014 Target	FY 2015 Target
Strategic Goal 2 - Maintain Competition		
Objective 2.1 - Identify and take actions to address anticompetitive mergers and practices that harm consumers.		
Key Performance Goal 2.1.1: Percentage of actions to maintain competition in substantial merger and nonmerger investigations.	40.0% to 60.0%	
Performance Goal 2.1.2: Consumer savings through merger actions taken to maintain competition.	\$900.0 million	
Key Performance Goal 2.1.3: Total consumer savings compared to the amount of FTC resources allocated to the merger program.	1,300.0%	
Performance Goal 2.1.4: Consumer savings through nonmerger actions taken to maintain competition.	\$440.0 million	\$80.0 million
Key Performance Goal 2.1.5: Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.	1,850.0%	400.0%
Objective 2.2 - Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.		
Performance Goal 2.2.1: Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.	4	
Performance Goal 2.2.2: Number of reports and studies the FTC issued on key competition-related topics.	8	
Performance Goal 2.2.3: Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	55.0%	
Objective 2.3 - Collaborate with domestic and international partners to preserve and promote competition.		
Key Performance Goal 2.3.1: Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.	95.0%	
Performance Goal 2.3.2: Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or government, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC.	120	

Annual Performance Measures: Targets for Fiscal Years 2014 to 2015

	FY 2014 Target	FY 2015 Target
Strategic Goal 3 - Advance Organizational Performance		
Objective 3.1 - Optimize resource management and infrastructure.		
Performance Goal 3.1.1: A favorable Continuity of Operations (COOP) rating.	75.0%	
Performance Goal 3.1.2: Availability of information technology systems.	99.5%	
Performance Goal 3.1.3: Achieving a favorable (unqualified) audit opinion from the agency's independent financial statement auditors.	Unqualified opinion on the financial statements.	
Performance Goal 3.1.4: Average number of days for the FTC to release information in response to a simple FOIA request.	6 days	
Objective 3.2 - Cultivate a high-performing, diverse, and engaged workforce.		
Performance Goal 3.2.1: FTC achieves a high ranking in the "Best Places to Work in the Federal Government."	Within the top 10 of mid-size agencies	
Key Performance Goal 3.2.2: The extent employees believe the FTC has the talent necessary to achieve organizational goals.	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index.	
Performance Goal 3.2.3: The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.	Exceed the government-wide results on the Federal Human Capital Survey's Talent Management Index.	

Annual Performance Measures: Historical
 For additional performance information, please see the reports available
 at <http://www.ftc.gov/about-ftc/performance>.

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
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	5.8 million	5.7 million
Key Measure 1.1.2: The percentage of the FTC's consumer protection law enforcement actions that target the subject of consumer complaints to the FTC. [†]	95.9%	80.4%	90.6%	90.9%
Measure 1.1.3: The rate of customer satisfaction with the FTC's Consumer Response Center.*	(A) 75.0%	(A) 75.0%	(A) 75.0%	(A) 76.0%
	(B) 76.0%	(B) 77.0%	(B) 78.0%	(B) 80.0%
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%	100.0%	100.0%	98.6%
Measure 1.2.2: The FTC's effectiveness in stopping prohibited business practices in three high priority areas over fiscal years 2009 - 2013.	Not applicable		On track	Statistically significant decrease in one of the three high-priority areas
Measure 1.2.3: The percentage of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months.	96.0% of cases	100.0% of cases	95.0% of cases	94.7% of cases
Measure 1.2.4: Investigations or cases in which the FTC obtains foreign-based evidence or engages in mutual assistance that contributes to FTC law enforcement actions or in which we cooperate with foreign agencies and/or multilateral organizations.	39	53	56	61

*Target (A): For the website, exceed average citizen satisfaction rate as published in the ACSI's E-Government Satisfaction Index. For Target (B): For the call center, meet or exceed standards for call centers developed by the Citizen Service Levels Interagency Committee.

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
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	39.4 million	43.6 million
Key Measure 1.3.2: Customer satisfaction rate with an FTC consumer education website or microsite.	77.0%	81.0%	81.0%	80.0%
Measure 1.3.3: Organizations requesting consumer education publications. [†]	15,372	14,818	11,298	11,236
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	14	12
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	8	12
Measure 1.4.3: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful." [†]	100.0%	100.0%	N/A (no responses received)	100.0%
Key Measure 1.4.4: 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.	100.0%	83.3%	N/A (no APA rulemakings conducted)	N/A (no APA rulemakings conducted)
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	65	61
Measure 1.5.2: Technical assistance to foreign consumer protection and privacy authorities.	23	15	18	13

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
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.	40.0%	34.1%	43.1%	42.2%
Measure 2.1.2: Consumer savings of at least \$500 million through merger actions to maintain competition.	\$586.0 million	\$532.2 million	\$504.9 million	\$564.2 million
Measure 2.1.3: Actions against mergers likely to harm competition in markets with a total of at least \$25 billion in sales.	\$22.5 billion	\$22.7 billion	\$20.2 billion	\$21.0 billion
Measure 2.1.4: Consumer savings of at least six times the amount of FTC resources allocated to merger program. [†]	1,670.0%	1,419.0%	1,492.4%	1,382.2%
Measure 2.1.5: Consumer savings of at least \$80 million through nonmerger actions taken to maintain competition. [†]	\$508.0 million	\$444.9 million	\$439.8 million	\$449.8 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	\$11.7 billion	\$13.1 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. [†]	2,418.0%	1,917.7%	1,831.7%	2,296.0%
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.	100.0%	100.0%	100.0%	100.0%

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
Objective 2.2: Prevent consumer injury through education:				
Key Measure 2.2.1: Competition resources accessed via the FTC's website. [†]	21.5 million	22.6 million	23.2 million	44.1 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	3	4
Key Measure 2.3.2: Reports and studies issues on key competition-related topics.	9	11	9	14
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	18	19
Measure 2.3.4: The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful." [†]	100.0%	100.0%	83.3%	100.0%
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	3.4 million	3.9 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	146	100
Measure 2.4.2: Technical assistance provided to foreign competition authorities.	60	27	27	34

[†]Performance targets updated as of FY 2012 in the FTC's Strategic Plan Addendum at http://www.ftc.gov/sites/default/files/documents/reports_annual/strategic-plan/spfy09fy14add.pdf.

Annual Performance Measures: Historical

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual
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.	68.0%	66.0%	66.0%	64.0%
Key Measure 3.1.2: The extent employees think the organization has the talent necessary to achieve organizational goals.	72.0%	70.0%	70.0%	69.0%
Objective 3.2: Provide effective infrastructure and security management				
Key Measure 3.2.1: A favorable Continuity of Operations (COOP) rating.	85.0%	75.0%	90.0%	85.0%
Key Measure 3.2.2: Availability of information technology systems.	99.77%	99.82%	99.86%	100.00%
Objective 3.3: Provide effective information resource management:				
Key Measure 3.3.1: The percentage of Commission-approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record.	93.8%	82.0%	80.2%	80.6%
Objective 3.4: Provide effective financial and acquisition management				
Measure 3.4.1: Independent auditor's financial statement audit results.	Unqualified	Unqualified	Unqualified	Unqualified
Key Measure 3.4.2: The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.	100.0%	100.0%	100.0%	100.0%
Measure 3.4.3: Performance against the Small Business Administration's government-wide small business procurement goals.	58.9%	46.3%	57.7%	49.5%

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Strategic Goal 1: Protect Consumers

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 to achieve 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 emerging issues. The FTC also conducts research on a variety of consumer protection topics.

Evaluations and Research

The FTC continuously evaluates the effectiveness of its efforts to protect consumers. The agency's research and analysis of important and emerging consumer protection issues enhances agency decision making and enables the agency to better protect consumers. This work is done through the Bureau of Consumer Protection and the Bureau of Economics. These efforts include:

- Assessing the extent to which the consumer complaint and other information made available by the agency is used by its staff and law enforcement partners.
- Evaluating whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement.
- Evaluating the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.
- Measuring the number of education messages disseminated each year and assessing the number and range of public and private sector organizations that partner with the FTC on outreach.
- Reviewing the focus of FTC education efforts, determining whether the agency needs to reach new audiences in light of changes in demographics, advertising, and marketing practices, and identifying strategies or partnerships that will allow the FTC to reach those audiences.
- Evaluating whether the advice and comments the FTC provides to local, state, and federal agencies on consumer protection policies have been considered and adopted.

Objective 1.1 Identify and take actions to address deceptive or unfair practices that harm consumers.

Goal Leader: Director, Bureau of Consumer Protection; Director, Bureau of Economics

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 on those areas where consumers suffer the most harm. The FTC leverages its resources by sharing information with, and encouraging other law enforcement authorities to assist it in its efforts, by acting either independently or jointly.

To help ensure that its enforcement, education and advocacy efforts are well-targeted, the Bureau of Consumer Protection works with the Bureau of Economics in evaluating economic harm to consumers as cases and programs are developed.

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)
4. the online consumer complaint forms that support items 1-3, 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 national surveys, 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.

The FTC recognizes that consumers cannot always identify whether unfair or deceptive practices have occurred. For example, consumers cannot evaluate for themselves the truthfulness of an environmental marketing claim, such as “made with recycled content.” The agency, therefore, identifies targets by augmenting its complaint databases

with other enforcement leads, such as ad monitoring, Internet “surfs” (monitoring the Internet for potentially false or deceptive advertising for a targeted product or service), evaluation of mobile practices, and direct referrals from government and private sector partners.

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 a number of statutes and rules proscribing specific unlawful practices. The FTC’s Bureau of Consumer Protection, with the support of the Bureau of Economics, investigates cases and initiates civil enforcement actions, primarily by filing actions in federal court, when there is reason to believe that entities have violated these laws and rules. The FTC’s enforcement actions seek injunctions and other relief. The FTC also brings enforcement actions via administrative proceedings.

Strategies

- Target law enforcement efforts on violations that create the greatest amount of consumer harm by reviewing complaints, monitoring practices in the marketplace, and evaluating industry and other information.
- Stop injury through aggressive law enforcement that focuses on preventing fraud and harmful financial practices, protecting consumer privacy, policing national advertising and new technologies, and suing entities that violate federal court and administrative orders obtained by the FTC.

FY 2014 – 2015 Next Steps and Future Actions

- 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.
- Evaluate whether enforcement activities are tracking the areas of greatest concern and whether there are new practices or technologies that require additional law enforcement.
- Evaluate the effectiveness of the FTC’s enforcement efforts in those areas in which a baseline measure can be determined.

Performance Goals

1.1.1 Percentage of the FTC’s consumer protection law enforcement actions that targeted the subject of consumer complaints to the FTC.

1.1.2 Rate of customer satisfaction with the FTC’s Consumer Response Center.

1.1.3 Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.

1.1.4 Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.

The first measure will ensure that FTC law enforcement actions target the subject of concerns identified by consumers. The second measure will ensure that the agency's Consumer Response Center is providing satisfactory service responding to consumers. The Consumer Response Center is often consumers' first contact with the FTC, and if consumers do not have a satisfactory experience, they may be less likely to file complaints. The third measure tracks how much money the FTC saves consumers each year through law enforcement. The FTC has found that typically when it files a complaint in federal district court and obtains a court order, the defendants stop their practices. If they fail to comply with an order, they are subject to contempt or civil penalty proceedings. By stopping these practices, the agency directly prevents further consumer losses caused by these defendants. The fourth measure will track the FTC's effectiveness in returning money to consumers who were defrauded or forwarding money to the U.S. Treasury (e.g., if redress is impracticable).

Other Indicators that support performance goals and objectives

Complaints collected and entered into the Consumer Sentinel Network database.

- The indicator ensures 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.

FY 2013: 5.7 million complaints

FY 2012: 5.8 million complaints

FY 2011: 4.0 million complaints

The percent of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months.

- The indicator will ensure that the FTC returns redress dollars to injured 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.

FY 2013: 95 percent

FY 2012: 95 percent

FY 2011: 100 percent

Objective 1.2 Provide the public with knowledge and tools to prevent harm to consumers.

Goal Leader(s): Director, Bureau of Consumer Protection; Director, Bureau of Economics

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 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. In addition, the FTC will continue to educate consumers about how to avoid identity theft and provide information to those who have become victims of identity theft. The FTC also will continue to publicize its consumer complaint and identity theft websites and toll-free numbers in an ongoing effort to increase public awareness of its activities and inform the public of ways to contact the FTC to obtain information or file a complaint.

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act. Under this authority, the FTC gathers, analyzes, and makes public certain information that serves the public interest. The FTC also convenes conferences and workshops through which experts and other experienced and knowledgeable parties identify cutting-edge consumer protection issues and discuss ways to address those issues. The FTC recognizes that stakeholders other than government are at times better placed to address certain consumer protection issues. The agency, therefore, encourages self-regulatory efforts and partners with the private sector to disseminate consumer education content developed by the agency.

Strategies

- Focus consumer and business education efforts on areas where fraud, deception, unfair practices, and information gaps cause the greatest injury. Target particular demographic groups with messages about marketplace issues that impact their health, safety, and economic well-being, both online and off. Integrate mobile technologies into education and outreach initiatives through multimedia and interactive content.
- Monitor the marketplace and technological developments to identify emerging consumer protection issues, hold workshops or conferences to examine these issues, and, where appropriate, issue reports analyzing the issues to provide the public with knowledge and tools to prevent consumer harm.

FY 2014 – 2015 Next Steps and Future Actions

- Measure the number of education messages disseminated each year and assess the number and range of public and private sector organizations that partner with the FTC on outreach.
- Review the focus of FTC education efforts, determine whether the agency needs to reach new audiences in light of changes in demographics, advertising, and marketing practices, and identify strategies or partnerships that will allow the FTC to reach those audiences.

Performance Goals

1.2.1 Rate of consumer satisfaction with FTC consumer education websites.

1.2.2 Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.

1.2.3 Number of workshops and conferences the FTC convened that address consumer protection problems.

1.2.4 Number of consumer protection reports the FTC released.

The first measure will ensure that the agency's consumer education websites are effective and helpful for consumers. The second measure will ensure the FTC maximizes its reach to consumers and businesses by partnering with other groups and providing free bulk quantities of education materials via an online order system. These other groups often distribute the education materials directly to their constituents. The measure therefore helps determine the extent to which FTC's education tools reach consumers. The third measure ensures that enforcement and education efforts are augmented by encouraging discussions among all interested parties, through careful study of novel or challenging consumer protection problems. The fourth measure will ensure the FTC releases a variety of informative reports to the public that help promote the understanding and awareness of consumer protection issues.

Other Indicators that support performance goals and objectives

Consumer protection messages accessed in print.

- The indicator helps ensure that the agency is engaging in a sufficient amount of educational activity.

FY 2013: 11.8 million messages

FY 2012: 10.8 million messages

FY 2011: 16.2 million messages

Social media subscribers and followers.

- The indicator helps gauge the FTC's online presence, which enables the agency to reach more consumers with its educational messages.

FY 2013: 152,548 subscribers/followers

FY 2012: 75,424 subscribers/followers

Objective 1.3 Collaborate with domestic and international partners to enhance consumer protection.

Goal Leader(s): Director, Bureau of Consumer Protection; Director, Office of International Affairs; Director, Office of Policy Planning

The FTC works with partners in the United States and internationally to address new and emerging consumer protection challenges. The geographic location and other demographics may affect the types of fraud that consumers encounter. It is, therefore, important for governmental and non-governmental organizations to share information and resources to enhance consumer protection.

The FTC promotes consumer protection domestically through advocacy by filing comments with federal, state, and local government bodies advocating policies that 1) promote the interests of consumers and 2) highlight the roles of consumer and empirical research in their decision-making. The agency also files amicus briefs to aid courts' consideration of consumer protection issues.

Because telemarketing and Internet fraud, privacy violations, and data security breaches are increasingly cross-border in scope, the FTC routinely cooperates and collaborates with its foreign counterparts to implement broad-based international programs that combine cross-border law enforcement, policy, and technical assistance work. The FTC actively participates in numerous multinational organizations that engage in enforcement cooperation activities against mass-marketing fraud. The FTC provides technical assistance to newer consumer protection agencies and privacy authorities in foreign countries to help enhance their ability to achieve sound consumer protection outcomes in enforcement and policy-making. The agency also provides policy advice through substantive consultations and written comments on areas of mutual concern. This multi-faceted approach promotes a global marketplace that provides consumers with more consistent and effective protections.

Strategies

- Leverage resources by working with domestic and international partners in government and the private sector to share information about consumer protection issues.
- Pursue the development of international consumer protection enforcement models or approaches that focus on protecting consumers while maximizing consumer choice and economic benefit.
- Provide technical assistance to countries establishing consumer protection regimes, as well as provide selected foreign officials with an opportunity to work alongside FTC attorneys, investigators, and economists to learn about the FTC's approach to consumer protection and to promote further cooperation between the countries.

FY 2014–2015 Next Steps and Future Actions

- Engage through the Organization for Economic Cooperation and Development (OECD) to promote development of 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, bilaterally and through multilateral organizations such as the Internal Consumer Protection Enforcement Network and the London Action Plan, including through new initiatives with foreign criminal authorities particularly in countries that are increasingly the source of fraud directed at American consumers.
- Engage in enforcement cooperation pursuant to the Asia-Pacific Economic Cooperation (APEC) cross-border data privacy rules system.
- Consult with international authorities on developing new approaches to privacy and cross-border data transfers through the OECD and other international organizations such as the International Conference of Data Protection and Privacy Commissioners and the Global Privacy Enforcement Network.
- Continue to explore the use of enforceable codes of conduct, including voluntary industry codes, public-private hybrid arrangements, and international standards to protect consumers in cross-border commerce.
- Continue to build and expand a robust international consumer protection and privacy technical assistance program for newer consumer protection agencies.
- Further develop the International Fellows and staff exchange programs. File comments or otherwise engage in advocacy with state, federal, and foreign govern-

ments that evaluate both the costs and benefits of proposed policies on consumers and an awareness of the intersection of competition and consumer protection concerns.

- Evaluate whether the advice and comments (e.g., advocacy filings and amicus briefs) that the FTC provides to local, state, and federal government entities on consumer protection policies have been considered and adopted.

Performance Goals

1.3.1 Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhanced consumer protection.

1.3.2 Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in other mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.

1.3.3 Number of instances of policy advice or technical assistance provided to foreign consumer protection and private agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC.

1.3.4 Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.

The first measure will ensure the FTC is leveraging resources with domestic partners on consumer protection issues to further the goal of protecting consumers from fraud. The second measure will ensure that the agency is leveraging resources with foreign agencies and organizations, to increase the effectiveness of the FTC's enforcement actions. The third measure will track policy advice and/or technical assistance the FTC provides to foreign consumer and privacy agencies through seminars, substantive consultations, written submissions, comments, and visits by foreign officials. The fourth measure will evaluate the success of consumer protection advocacies filed by the FTC.

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Strategic Goal 2: Maintain Competition

The FTC's efforts to maintain competition focus on preventing anticompetitive mergers and other anticompetitive business practices in the marketplace. This work is critical to protect and strengthen free and open markets – the cornerstone of a vibrant economy. Vigorous competition results in lower prices, higher quality goods and services, and innovation leading to beneficial new products and services. By enforcing the antitrust laws, the FTC helps to ensure that markets function well.

As a part of its program to maintain competition, the FTC undertakes competition policy research and development activities to improve agency decision making in areas such as law enforcement and competition advocacy. The FTC also promotes competition through advocacy and education initiatives. These initiatives deter anticompetitive mergers and business practices and reduce business' costs of compliance with antitrust laws. Advocacy encourages governmental actors at the federal, state, and local levels to evaluate the effects of their policies on competition and ensure such policies promote consumer benefit.

Evaluations and Research

The FTC continuously evaluates the effectiveness of its efforts to maintain and promote competition. Research activities allow in-depth studies of industries and ways to better analyze certain problems. The FTC applies the knowledge gained through its research projects, workshops, and hearings to improve its understanding of significant antitrust issues and emerging trends in business practices, technology, and markets in order to adapt its law enforcement and other initiatives to the continually evolving marketplace. After each major litigation effort, the FTC internally evaluates its litigation performance and captures best practices and training needs for future litigation teams. The FTC continuously assesses the burden imposed by investigations and seeks ways to reduce this burden and make the investigative process more efficient. The FTC's Bureau of Economics conducts retrospective analyses of mergers and other competition issues to determine whether the actions taken resulted in over or under regulation. The agency also evaluates the policy impact of the FTC's advocacy initiatives.

Objective 2.1: Identify and take actions to address anticompetitive mergers and practices that harm consumers.

Goal Leader: Director, Bureau of Competition; Director, Bureau of Economics

The FTC takes action to block or remedy anticompetitive mergers and to stop anticompetitive conduct. Anticompetitive mergers and other coordinated or unilateral conduct can lessen competition and cause harm to consumers through higher prices, inferior service, or diminished innovation. Anticompetitive practices can also harm competition and consumers if they make it more difficult for other companies to enter the market. Enforcement of the antitrust laws provides substantial benefits to consumers by helping to ensure that markets are competitive.

The FTC's Bureau of Competition, together with the Bureau of Economics, investigates proposed and consummated mergers, as well as conduct and agreements that may be anticompetitive, and takes enforcement 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, abandoned or restructured transactions or agreements, or the cessation of anticompetitive conduct. The FTC strives to maintain strong litigation capabilities and works to ensure that the remedies imposed by its consent orders are effective in maintaining competition in the marketplace without undue burden on businesses.

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 them before they are consummated. The FTC administers the HSR program both for itself and for the Antitrust Division of the Department of Justice (DOJ), 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 do not meet HSR notification requirements, or that were not reported in violation of HSR.

In addition, the FTC employs a variety of methods to identify potentially anticompetitive practices and conduct outside the merger context (for example, consumer and competitor complaints, referrals from other government agencies, and trade press).

Strategies

- Increase the efficiency of investigatory processes to conduct rigorous, economically sound, and fact-based analysis of mergers and other potentially anticompetitive business practices, and enhance enforcement outcomes while minimizing burdens on business.

- Improve the timeliness of investigations and merger review under the HSR program. Ensure that administrative litigations and adjudications reach timely resolutions.
- Improve negotiation and litigation skills and refine investigative and decisional tools through continuous learning.
- Negotiate merger and nonmerger consent orders and win litigated orders that have significant remedial, precedential, and deterrent effects. Increase compliance with consent decrees and orders and with HSR reporting obligations.
- Increase the transparency of the decision-making process, including assessing whether revisions to enforcement guidelines are required.

FY 2014 – 2015 Next Steps and Future Actions

To implement these strategies, in FY 2014 and FY 2015,

- Continue to develop its training programs with the goal of increasing the anti-trust expertise and investigative, negotiation, and litigation skills of its attorneys through continuous learning and identification of “best practices.” The Bureau of Competition recently established a Training Council to oversee and coordinate its training offerings to ensure that courses are timely and relevant for staff.
- Continue to focus on improving the investigatory process, including through the use of improved technological tools to help manage and coordinate investigations.
- As in prior years, continue ongoing assessment of premerger notification filing requirements with the goal of efficiency and reduced burden on filing persons and the antitrust agencies.

Performance Goals

2.1.1 Percentage of actions taken to maintain competition in substantial merger and nonmerger investigations.

2.1.2 Consumer savings through merger actions taken to maintain competition.

2.1.3 Total consumer savings compared to the amount of FTC resources allocated to the merger program.

2.1.4 Consumer savings through nonmerger actions taken to maintain competition.

2.1.5 Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.

The first performance measure will ensure that the agency is using its resources wisely in bringing appropriate investigations and cases and is crafting and pursuing effective resolution, whether through litigation or settlement. Success on this performance measure indicates that the FTC is effectively screening HSR reported mergers and other merger and conduct investigations to identify those that raise significant antitrust issues and warrant further investigation and possible enforcement action, while at the same time permitting mergers or conduct that are neutral or beneficial to consumers to proceed unimpeded. The other four measures ensure that the agency is challenging mergers and conduct that may cause substantial consumer injury through targeting of the agency's resources effectively and efficiently. The second and fourth measures indicate the consumer benefits attributable to the FTC's enforcement actions. The third and fifth measures indicate the efficiency with the enforcement actions are undertaken.

Other Indicators that support performance goals and objectives

- Average total sales for the current plus previous four fiscal years in the affected markets in which the Commission took merger enforcement action.

FY 2013: \$21.0 million

FY 2012: \$20.2 million

FY 2011: \$22.7 million

- Average total sales for the current plus previous four fiscal years in the affected markets in which the Commission took anticompetitive conduct enforcement action.

FY 2013: \$13.1 million

FY 2012: \$11.7 million

FY 2011: \$11.6 million

These two other indicators reflect effective and efficient use of FTC resources by measuring the size of the relevant product markets involved in the agency's competition enforcement actions. At the same time, the use of FTC resources in bringing competition enforcement actions in smaller markets to help clarify or develop competition law principles can be, through their deterrent and educational effects, effective means for maintaining and promoting competition in broader markets.

Objective 2.2 Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.

Goal Leader(s): Director, Bureau of Competition; Director, Office of Policy Planning

The FTC has a unique mandate to undertake certain forms of research based on Section 6 of the FTC Act and the historical report-writing activity of its predecessor entity, the Bureau of Corporations. Under this authority, the FTC gathers, analyzes, and makes public certain information concerning the nature of competition as it affects U.S. commerce. The FTC uses this authority to enhance consumer welfare by holding public hearings, convening conferences and workshops, conducting economic studies on competition issues of significant public importance, and issuing reports of its findings. The agency uses the information internally to refine the theoretical economic framework for analyzing competition issues and understanding industry practices, and to help the FTC respond effectively to changing marketplace conditions. This information also contributes to a better understanding of business practices and their competitive and economic implications, providing guidance to the business sector, the legal community, other enforcement authorities, the judiciary, and governmental decision makers and policymakers at the federal, state, and local levels.

The FTC also promotes competition through advocacy, information, and education. In its advocacy work, the FTC files comments with federal, state, and local government bodies advocating policies that promote the interests of consumers and highlights the role of consumer and empirical research in their decision making. The FTC also files amicus (“friend of the court”) briefs to aid courts’ consideration of competition issues. Educating consumers and businesses about competition law and policy also promotes competition. Informing businesses and their legal advisers about potential antitrust violations deters anticompetitive mergers and anticompetitive business practices 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 can also encourage cooperation with FTC investigations and strengthen enforcement actions.

Strategies

- Improve the agency’s understanding of various practices and developments in the marketplace by conducting public hearings, conferences, and workshops that bring together interested parties and conducting economic research on these issues. Utilize the information gathered to inform the agency’s enforcement agenda. Improve the dissemination of material gathered through hearings, conferences, and workshops.

- Target advocacy activities to encourage state and federal government policymakers to evaluate the competitive implications of their existing and proposed policies, emphasizing the impact on consumers of policies that unnecessarily restrict competition.
- Increase transparency of the agency's decision-making by ensuring that the content of complaints, press releases, and analyses to aid public comment 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 improve the public's understanding of the FTC's enforcement policies.

FY 2014 – 2015 Next Steps and Future Actions

- Seek out appropriate topics and organize public conferences, workshops, and hearings to enhance the FTC's understanding of various practices and developments in the marketplace.
- Encourage the participation and broader perspective of businesses and consumer groups in these conferences, workshops, and hearings, and continue to disseminate the materials relating to these events, including transcripts, written submissions, and reports.
- Seek opportunities to file comments or otherwise engage in advocacy with local, state, and federal government policymakers to encourage them to adopt policies that maximize competition and consumer welfare by evaluating both the costs and the benefits of their policies for consumers.
- Look for opportunities to expand the use of 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 decision making and to have its staff participate in and speak at appropriate seminars and conferences.

Performance Goals

2.2.1 Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.

2.2.2 Number of reports and studies the FTC issued on key competition-related topics.

2.2.3 Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.

The first measure will ensure that consumer benefits are enhanced through activities such as workshops, seminars, conferences, and hearings convened or cosponsored that

involve significant competition-related issues. The second measure will track research, reports, and studies that enhance consumers' knowledge of competition issues. The third measure will evaluate the success of competition advocacies filed by the FTC.

Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.

Goal Leader: Director, Office of International Affairs; Director, Bureau of Competition

The FTC continues to build cooperative relationships with foreign and domestic antitrust agencies to ensure close collaboration on cases and convergence toward sound competition policies.

On the domestic front, the FTC seeks to collaborate with other agencies and the state attorneys general to obtain the best results and maximize the use of limited resources in the enforcement of the U.S. antitrust laws.

With its foreign partners, the FTC seeks more effective, coordinated reviews of multi-jurisdictional mergers, and works towards achieving consistent outcomes in cross-border cases of potential 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.

Cooperation with competition agencies of other jurisdictions is a key component of an effective FTC competition enforcement program. With over 120 antitrust enforcers worldwide, it is critical that we work together to ensure that the international competition law system functions coherently and effectively. To accomplish this, the FTC builds strong bilateral relations with foreign counterparts and takes a lead role in multilateral fora to promote case enforcement cooperation and convergence toward sound competition policies.

The FTC provides technical assistance to newer competition agencies in foreign countries to enhance their ability to achieve sound competition outcomes in enforcement and policy-making. This technical assistance helps protect U.S. interests by encouraging systems that apply standards to transactions and conduct affecting the global marketplace that are consistent with U.S. and worldwide best practices. The agency also provides policy advice through substantive consultations and written comments on issues of mutual concern.

Strategies

- Work more extensively within the U.S. government inter-agency process and with other domestic government entities to support the FTC's efforts to promote market-based competition and policy convergence.
- Broaden and deepen our cooperation with foreign competition agencies on anti-trust matters that are subject to concurrent review to improve the effectiveness of investigations and promote consistent outcomes.
- Promote policy convergence toward sound and effective antitrust enforcement internationally by working with a greater number of foreign competition agencies, including bilaterally through substantive consultations, written comments, and the provision of technical advice, and, multilaterally, by taking leadership roles in multilateral and regional organizations. Provide technical assistance to countries that are establishing competition regimes. Provide selected foreign officials with an opportunity to work alongside FTC attorneys, economists, and investigators to enhance their capacity to develop and implement sound competition policy and enforcement.

FY 2014 – 2015 Next Steps and Future Actions

- Maintain the FTC's leadership role in the International Competition Network (ICN), including through participating in the Steering Group and in the ICN's work on agency effectiveness, unilateral conduct, merger procedures, investigative process, and the online curriculum project.
- Enhance our participation in other key multilateral and regional fora, including the OECD, UNCTAD, and APEC.
- Advance cooperation and convergence with foreign competition agencies by improving cooperation in merger matters and on single firm conduct policy and enforcement, including by developing new tools for cooperation and leadership on multilateral initiatives to promote cooperation and convergence.
- Strengthen relations with the Chinese and Indian competition agencies through dialogue on policy initiatives and case cooperation as appropriate, and the provision of technical assistance.
- Work with other US agencies in intergovernmental fora that address competition issues, including as members of the Trans Pacific Partnership and Trans-atlantic Trade and Investment Partnership negotiating teams.
- Further develop the FTC technical assistance program.
- Further develop the International Fellows and staff exchange programs.

Performance Goals

2.3.1 Percentage of FTC cases involving at least one substantive contact with a foreign antitrust authority in which the agencies followed consistent analytical approaches and reached compatible outcomes.

2.3.2 Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or governments, directly and through international organizations, through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC.

The first measure will track the number of cases where foreign antitrust authority or agency followed consistent analytical approaches and reached compatible outcomes as a percentage of the total number of cases the FTC has at least one substantive contact. The second measure will track policy advice and technical assistance the FTC provides to foreign competition agencies through seminars, long-term advisors and staff exchanges, substantive consultations, written submissions, comments, or hosting of international fellows and interns.

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Strategic Goal 3: Advance Organizational Performance

The FTC believes that advancing organizational performance at all levels creates a strong foundation for overall mission success. The agency's work in Strategic Goal 3 highlights ongoing efforts to advance organizational performance that enhances the agency's ability to focus on protecting consumers and maintaining competition.

Goal 3 is inherently collaborative, and primarily encompasses key management areas in the FTC: human capital, infrastructure and security, information technology resources, finance and acquisition, and equality of opportunity in employment. These efforts foster leadership and accountability across the agency and establish a culture of customer service, constituent responsiveness, and effective planning, administration, and management. Employees at all levels are expected to show leadership in their areas of responsibility by exhibiting a willingness to develop and coach others, a commitment to teamwork, and a drive to find innovative solutions.

Evaluations and Research

- The agency rigorously reviews its management functions.
- The FTC's financial statements are audited annually, which encompasses a thorough overview of the agency's financial position and various transactions throughout the fiscal year.
- The FTC conducts risk assessment reviews of the agency's programs. These reviews assist management in identifying high-risk areas and implementing appropriate risk management strategies where necessary. In addition, the agency performs targeted reviews of internal controls. The areas targeted for review are determined by several factors, including risk assessment, management input, prior audits and reviews results and external (regulatory) environment. Management evaluates the results from the internal control reviews to determine what processes should be modified to strengthen controls and/or improve efficiency.
- With respect to the information technology and privacy arena, annual FISMA reviews are conducted, and the agency reviews and acts on any areas that need improvement.
- In the area of human capital, FTC regularly reviews and acts on the results of the Office of Personnel Management's Annual Federal Employee Viewpoint Survey. Several areas that OPM periodically examines include a Human Capital

Management Evaluation, a Delegated Examining Unit Examination, and Performance Assessments of General Schedule and Senior Executive Service Performance Management Systems. The Equal Employment Opportunity Commission may also perform technical assistance visits or program reviews.

In addition, the FTC looks to outside groups, such as the Office of the Inspector General, for independent reviews of its activities.

Objective 3.1: Optimize resource management and infrastructure.

Goal Leader(s): Executive Director, Office of the Executive Director; General Counsel, Office of the General Counsel

The creation, modernization, and maintenance of physical, financial and information resources and infrastructure not only provides for a safe, secure, and efficient workplace but also helps the agency to achieve its mission and respond to, and anticipate, future agency needs.

These efforts span several FTC offices and functions. For example, the agency's Continuity of Operations Plan (COOP) ensures that the agency can respond to, and recover from, an emergency situation effectively. The FTC is also committed to effective and efficient management of information resources, and is transitioning to managing most information resources electronically, for example, by developing and implementing a web-based system for public filings in all FTC administrative litigation proceedings. This transition will enable staff to perform their work more efficiently, facilitate public access, and protect sensitive information from inappropriate access.

Ensuring the FTC has an effective and secure information technology infrastructure is essential to meeting the Commission's strategic goals. The Office of the Chief Information Officer delivers value by identifying and providing a host of critical high quality, low-risk IT services that are agile enough to meet Commission business needs.

The FTC believes in the importance of accountability and transparency, as shown through resource stewardship and financial oversight activities. The 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 financial management laws and regulations.

This transparency is also evident in the FTC's work to improve Internet access to public agency documents. With respect to public documents newly approved or authorized by the Commission, the FTC will continue to post text-searchable electronic versions on

the public FTC website in conjunction with applicable news releases. As resource levels permit, the Commission will also continue to post public documents generated prior to the establishment of the FTC's website in 1996.

Strategies

- Improvement of the effectiveness and efficiency of financial management operations. Over the next five years, the FTC plans to fully integrate procurement and core financial systems. This complete financial management system will strengthen the agency's internal controls, improve efficiency of the procurement process, and provide agency staff with timely information regarding budget execution and the availability of funds.
- Improvement of agency IT services by building redundancy into the FTC's IT infrastructure to support vital services, creating virtual computing environments to consolidate the management and utilization of IT resources, and investing in new technologies to further support the FTC's mission.
- Transition to electronic information resource management by: 1) Developing an agency-wide information governance policy. The policy will cover file structures for organizing information, mandatory and optional metadata (searchable information about the document), document naming conventions, access restrictions, and retention rules and triggers. 2) Implementing an Electronic Content Management (ECM) system which staff will use to draft, collaborate on, and finalize work, including consumer protection and competition case filings. The ECM system will enable us to maintain agency records in a secure electronic format for the required retention period and to transfer permanent agency records to NARA.
- Reduction of the agency's energy consumption and promotion of recycling of materials and equipment. Improvements that yield the greatest benefit relative to cost will be incorporated into the development of a new performance indicator.

FY 2014 – 2015 Next Steps and Future Actions

- Evaluate COOP rating and determine support requirements.
- Continue partnership with GSA and OMB in executing the previously coordinated relocation of FTC staff from the 1800 M Street and 601 New Jersey Avenue buildings to Constitution Center in Washington, DC.
- Research alternatives such as telework participation, job sharing, and hoteling, and locating contractor staff off-site.
- 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.
- Enhance the reporting capabilities within the integrated financial system to provide more accurate, reliable, and timely financial information to agency decision makers.
- Document improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.
- In FY 2014 and FY 2015, introduce new systems and applications that will enhance the FTC user experience and further provide tools to achieve FTC's strategic goals and meet government-wide IT mandates.
- In FY 2014, launch a new e-Discovery support system that will allow the Commission to streamline its e-Discovery processes and meet requirements set by the Federal Rules of Civil Procedure.
- Also in FY 2014, upgrade the agency's mobile device platform and remote access telework portal and in FY 2015 will begin developing a mobile computing platform, all of which will improve employees' ability to access FTC's network and data from any location.
- In FY 2015, begin the deployment of a Single-Sign-On solution to support the implementation of HSPD-12 and further protect FTC data and systems from unauthorized access.
- Develop and deploy non-public filings and electronic service enhancements to the web-based system for public filings in FTC administrative litigation proceedings to make the proceedings fully electronic to the greatest extent possible.
- Continue to develop an agency-wide information governance policy to support efficient management of electronic information with appropriate access restrictions.

- Implement an Electronic Content Management system that staff will use to do their work and that will enable FTC to maintain and transfer records to the National Archives and Records Administration in a secure electronic format.

Performance Goals

3.1.1 A favorable Continuity of Operations (COOP) rating.

3.1.2 Availability of information technology systems.

3.1.3 Achieving a favorable (unqualified) audit opinion from the agency's independent financial statement auditors.

3.1.4 Average number of days for the FTC to release information in response to a simple FOIA request.

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. The second measure will address the availability of 31 mission-critical IT systems, such as email, telecommunications, Internet access, and mobile devices. Network availability addresses the reliability of the FTC computer and communications systems. 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 and compliance with applicable laws and regulations. The fourth measure will track the agency's response time in processing a simple FOIA request for access to public records.

Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce.

Goal Leader: Executive Director, Office of the Executive Director; Director, Bureau of Consumer Protection; Director, Bureau of Competition; Director, Bureau of Economics; General Counsel, Office of General Counsel

This objective encompasses leadership and knowledge management, a results-oriented performance culture, talent management, and job satisfaction. The FTC uses an integrated approach to link human capital programs and policies to agency mission, goals, and strategies and to provide continuous improvement in efficiency and effectiveness. The objective captures the FTC's work and ensures the presence of the right talent in the right positions at the right time to meet the challenges of the 21st century. It also captures efforts to tap into the rich resources of the global community and ensure fairness in the workplace. By attracting, developing, motivating, and retaining a high perform-

ing, diverse, inclusive, and engaged workforce, the FTC advances organizational performance. By having a workforce that looks like and draws from the consumers it protects, the FTC strengthens its ability to meet its mission.

The FTC uses the Federal Employee Viewpoint Survey administered by OPM to measure success in this objective. The survey focuses on employees' perceptions of critical areas of their work life and workforce management, and measures factors that influence whether employees want to join, stay, and help their agency meet its mission.

In addition, the FTC uses Management Directive 715 (MD-715), which is submitted by the agency to the U.S. Equal Employment Opportunity Commission on an annual basis. MD-715 is a tool for agencies to use to ensure that all workers are competing on a fair and level playing field and have the opportunity to achieve their fullest potential.

Strategies

- One of the key strategies to achieving this objective entails using integrated workforce planning to identify and fulfill current and future human capital needs to carry out the agency's mission and implementing programs and processes to enable us to recruit, develop, and retain a highly qualified and diverse workforce.
- The FTC strives to create an agency-wide performance culture that focuses on individual and organizational accountability toward achieving the FTC's programmatic goals and priorities. The agency also seeks to achieve this objective by providing quality training and outreach to staff.

FY 2014 – 2015 Next Steps and Future Actions

- 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. For example, we will modernize our time-keeping and attendance system to more fully automate related processes (working closely with our shared service provider, the Interior Business Center).
- Identify and provide diversity and inclusion training to employees.

Performance Goals

3.2.1 FTC achieves a high ranking in the “Best Places to Work in the Federal Government.”

3.2.2 The extent employees believe the FTC has the talent necessary to achieve organizational goals.

3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.

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. The Best Places to Work measure is a tool for ensuring that employee satisfaction is a top priority for managers and leaders. The FTC is not only measured on overall employee satisfaction, as tracks by the other two measures, but are scored in 10 workplace categories, such as effective leadership, employee skills/mission match, pay, teamwork and work/life balance. The Federal Employee Viewpoint Survey includes a Diversity and Inclusion index that consolidates many of the questions in the survey.

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Additional Information

List of External Performance Goals Added for FY 2014 – FY 2018

- 1.1.3 Total consumer savings compared to the amount of FTC resources allocated to consumer protection law enforcement.
- 1.1.4 Amount of money the FTC returned to consumers and forwarded to the U.S. Treasury.
- 1.2.2 Number of federal, state, local, international, and private partnerships to maximize the reach of consumer and business education campaigns.
- 1.2.4 Number of consumer protection reports the FTC released.
- 1.3.1 Number of investigations or cases in which the FTC and other U.S. federal, state and local government agencies shared evidence or information that contributed to FTC law enforcement actions or enhance consumer protection.
- 1.3.2 Number of investigations or cases in which the FTC obtained foreign-based evidence or information or engaged in mutual assistance that contributed to FTC law enforcement actions or in which the FTC cooperated with foreign agencies and/or multilateral organizations on enforcement matters.
- 1.3.3 Number of instances of policy advice or technical assistance provided to foreign consumer protection and private agencies, directly and through international organizations, through seminars, substantive consultations, written submissions, or comments, and direct work with foreign agency officials who visit the FTC. (Note: Policy advice and technical assistance provided was combined into a single performance goal in FY14.)
- 1.3.4 Percentage of consumer protection advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful in whole or in part.
- 2.2.3 Percentage of competition advocacy matters filed with entities including federal and state legislatures, agencies, or courts that were successful in whole or in part.
- 2.3.2 Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or government, directly and through international organizations, through seminars, long-term advisors and staff ex-

changes, substantive consultations, written submissions, or comments, and with foreign officials when they visited the FTC. (Note: Policy advice and technical assistance provided was combined into a single performance goal in FY14.)

- 3.1.4 Average number of days for the FTC to release information in response to a simple FOIA request.
- 3.2.1 FTC achieves a high ranking in the “Best Places to Work in the Federal Government.”
- 3.2.3 The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.

List of External Performance Goals Dropped in the Development of the FY 2014 – FY 2018 Strategic Plan

- 1.1.1 Complaints collected and entered into the Consumer Sentinel Network database. (Note: Indicator tracked internally beginning in FY14.)
- 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.
- 1.2.2 The FTC’s effectiveness in stopping prohibited business practices in three high priority areas over the next five years.
- 1.2.3 The percent of redress cases in which the FTC distributes redress dollars designated for distribution to consumers within 6 months. (Note: Indicator tracked internally beginning in FY14.)
- 1.3.1 Consumer protection messages accessed online or in print. (Note: Indicator tracked internally beginning in FY14.)
- 1.3.3 Organizations requesting consumer education publications.
- 1.4.2 Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.
- 1.4.3 The percentage of respondents finding the FTC’s advocacy comments and amicus briefs “useful.”
- 1.4.4 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.
- 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consulta-

tions, written submissions, or comments. (Note: Merged with measure 1.5.2 in FY14.)

- 1.5.2 Technical assistance to foreign consumer protection and privacy authorities. (Note: Merged with measure 1.5.1 in FY14.)
- 2.1.3 Actions against mergers likely to harm competition in markets with a total of at least \$25 billion in sales. (Note: Indicator tracked internally beginning in FY14.)
- 2.1.6 Actions against anticompetitive conduct in markets with a total of at least \$12 billion in annual sales. (Note: Indicator tracked internally beginning in FY14.)
- 2.2.1 Competition resources accessed via the FTC's website.
- 2.3.3 Advocacy comments and amicus briefs on consumer protection issues filed with entities including federal and state legislatures, agencies, or courts.
- 2.3.4 The percentage of respondents finding the FTC's advocacy comments and amicus briefs "useful."
- 2.3.5 The volume of traffic on www.ftc.gov relating to competition research, reports, and advocacy.
- 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments. (Note: Merged with measure 2.4.2 in FY14.)
- 2.4.2 Technical assistance to foreign competition authorities. (Note: Merged with measure 2.4.1 in FY14.)
- 3.1.1 The extent employees believe their organizational culture promotes improvement in processes, products and services, and organizational outcomes.
- 3.3.1 The percentage of Commission approved documents in the FTC's ongoing and newly initiated proceedings available via the Internet within 15 days of becoming part of the public record.
- 3.4.2 The percentage of Bureaus/Offices that establish and maintain an effective, risk-based internal control environment.
- 3.4.3 Performance against the Small Business Administration's government-wide small business procurement goals.

Major Management Priorities and Challenges

FTC's management priorities are incorporated into Goal 3, Advance Organizational Performance. Objective 3.2: Cultivate a high-performing, diverse, and engaged workforce, focuses broadly on human capital development goals. A key priority is to be one of the best places to work in the federal government. As an example of this management priority, the FTC's Bureau of Consumer Protection and Bureau of Competition have focused attention on the continuous development of their employees through their mentoring programs. For at least the past five years, BCP and BC have run successful formal mentoring programs. The BCP and BC Mentoring Programs, open to all BCP, BC, and regional office employees, are designed to contribute to an environment in which unique skills and perspectives that each staff member brings are recognized and valued; diversity is fostered; and excellence, innovation and risk-taking are promoted. The Mentoring Programs provide significant opportunities to build and share organizational knowledge and expertise by capitalizing on the experiences of successful individuals who are committed to the development of a high performance work force. BCP and BC also are examining the formal training they provide to their attorneys, and are developing training curriculum for their attorneys. Recently, the Office of the Executive Director began a similarly-focused formal Mentoring Program that has received very positive feedback from participants. The agency has continued these efforts in FY 2014 and plans to continue them in FY 2015.

The FTC and the Office of Inspector General (OIG) work collaboratively on addressing key management challenges. The following three challenges are based on work conducted by the Office of Inspector General (OIG) and discussions with senior leaders at the FTC. Along with a summary of these management challenges are brief assessments of the agency's progress in addressing these challenges.

Management Challenge: Consolidating Satellite Offices into the Constitution Center

During 2014, the Federal Trade Commission (FTC) will consolidate its New Jersey Avenue and M Street offices into the newly renovated Constitution Center and the FTC Headquarters building. Over 800 employees will be relocated during the process. The consolidation effort is being conducted under extremely tight time constraints that resulted primarily from decisions and events outside the direct control of the FTC.

The FTC has taken proactive steps to mitigate these risks. These include contracting with a vendor to provide professional planning and project management support for the consolidation; and moving to a phased approach to achieving full operational capability. Moving forward, considerable effort will be required to manage the many risks associated with a move of this complexity within the truncated timeframe. Not only does the FTC have to transfer its people and associated support activities, it must also

continue normal operations and complete the consolidation under severe resource and time constraints.

Agency Progress in Addressing this Challenge

The FTC is reducing its footprint by consolidating FTC employees in the DC area from three locations to two. The Office of the Executive Director is coordinating this priority initiative and working closely with staff and leadership at all levels throughout the agency to ensure a smooth transition. A project integrator is assisting the agency to help ensure compliance with Federal statutes and regulations; track and assess costs, expenditures, budget, procurements, schedule, performance and risk; and maintain a complete record of the project. The Executive Director and the team hold regular meetings with key FTC officials, GSA, Constitution Center building management, and the agency's IG to ensure the project stays on track and within budget. Internal milestones are being tracked and success will be measured by the safe and timely transition of staff to the new facility and to the agency's Headquarters building without undue interruption to the agency's work and by keeping the overall cost of the moves at or below the budget. In FY 2013, the FTC made significant progress toward preparing the Constitution Center space for occupation in FY 2014. Key procurements included furniture, demountable walls and dark fiber (used for high-speed communication).

Management Challenge: Securing the Agency's Information Systems and Networks from Destruction, Data Loss, or Compromise

The ability to protect its information assets is a complex challenge for the FTC. Technology is changing at an increasing rate, introducing different vulnerabilities as the FTC integrates new technologies (e.g., cloud and mobile computing) into its Information Technology (IT) infrastructure. Also, threats are changing and more pervasive, and attacks are intended to disrupt operations. In addition, guidance for federal agencies has become more flexible, allowing agencies to tailor information protection solutions specific to their needs, but providing less direction as to what those acceptable solutions are. To address outstanding security weaknesses while constraining costs, the FTC should continue to evolve its information security program toward a risk-based governance model that emphasizes enterprise solutions and disciplined change management processes.

In 2014, the FTC plans to leverage the aforementioned office consolidation to improve its IT service offerings and resolve outstanding security vulnerabilities. The FTC recognized that the complexity and challenges introduced by inclusion of significant infrastructure upgrades and mitigation of previously identified vulnerabilities in the consolidation effort would significantly increase the risk of technical miscues, schedule failure and cost over runs. Therefore, as noted above, the FTC recently decided to take a phased approach to its data center consolidation. A phased approach will allow for orderly, planned, and controlled change within an expanded timeframe. This should reduce the risk of costly errors while ensuring continued resource availability and greater assurance that FTC information assets are appropriately protected.

Agency Progress in Addressing this Challenge

The OCIO and the Chief Privacy Officer (CPO) continue to work with FTC system owners and managers to ensure that information security and privacy requirements are identified, documented, communicated appropriately, and incorporated into the design and implementation of each system. System owners and managers are reminded that periodic test and evaluation of information security and privacy controls is necessary to ensure effective implementation and operation of those controls. They are also reminded that maintaining and, as necessary, updating the corresponding information security and privacy documentation (such as system security plans and Privacy Impact Assessments) is a pre-requisite to issuance and retention of the system's authorization to operate. OCIO staff, along with the Office of General Counsel staff and the CPO, continue to meet with system owners to make sure that contract language addresses information security and privacy controls and related FTC practices and procedures, including continuous monitoring, so that Contracting Officer Representatives (CORs) can manage and assist in evaluating the compliance of contractor-hosted systems and services. As the OCIO and the CPO continue to work closely to implement and coordinate privacy controls with information security controls, as required by NIST Special Publication 800-53 rev. 4, the FTC will continue to develop and improve its risk-based assessments of information security and privacy as new technologies are integrated into the FTC infrastructure.

For example, the OCIO has teamed with the Department of Homeland Security to obtain the following services:

- Continuous Diagnostics and Mitigation (CDM) Program: Specialized IT diagnostic tools along with a dashboard to provide real-time situational security awareness to help identify and mitigate flaws.
- Cyber Hygiene Activities: Assess FTC's Internet accessible systems for known vulnerabilities and configuration errors.
- Risk and Vulnerability Assessment: Assessments that combine national threat and vulnerability information with data collected and discovered through on-site testing to provide tailored analysis with prioritized remediation recommendations.

Additionally, the OCIO deployed a new intrusion prevention system (IPS) that incorporates automated data loss prevention (DLP). The IPS DLP inspects data packets as they move across the network as well as when they exit the network. The IPS DLP can identify patterns of personally identifiable information (PII) such as social security and credit card numbers.

Furthermore, the OCIO developed the FTC System Development Life Cycle (SDLC) methodology that established standard business and technical reviews throughout the development of IT solutions to improve:

- Product quality and reduce rework by establishing standard business and technical reviews throughout the development of an IT solution
- Oversight by establishing formal integrated and coordinated reviews
- Performance management of projects through review of project cost and schedule alignment with the FTC mission and initiatives

As the IG states, the FTC will consolidate its satellite offices into the newly renovated Constitution Center and the FTC Headquarters building. Additionally, the OCIO plans to relocate select IT services and applications to the Constitution Center that currently are hosted in the New Jersey and Headquarters buildings. This enables the OCIO to locate the applications and the services in proximity of the user base and provide for future expansion. The OCIO is working with offices within the Office of the Executive Director to develop detailed project and acquisition plans to support the consolidation. In the area of contingency planning, the OCIO began Business Impact Assessment (BIA) activities in FY 2013 to determine FTC essential business functions and processes, and is also working to determine the priority of restoration for those functions and processes.

The FTC will continue to strengthen and improve the testing, auditing, and monitoring of IT systems and assets.

- In FY 2014, the FTC will rebuild and streamline the development, system integration, and quality assurance test labs using virtualization technology to provide system administrators and developers with more consistently configured baselines.
- Also in FY 2014, the FTC will implement and maintain a System Development Life Cycle policy and procedure to help plan and implement security within system and network components.
- Throughout FY 2014 and FY 2015, the FTC will continue to improve and strengthen its IT Asset Management program to ensure that all FTC IT assets are fully accounted for and prevent the unauthorized access to FTC IT assets, data, and systems.

Management Challenge: Ensuring the Protection of Nonpublic Information

An ongoing challenge for the FTC is ensuring the protection of nonpublic information, especially given the media attention that FTC competition investigations routinely receive. It is critical that the FTC maintain the confidentiality of nonpublic information obtained from consumers and businesses in conducting its law enforcement investigations. If the public loses confidence in the FTC's ability to protect confidential information, it is unlikely they will continue to cooperate, which ultimately would damage the FTC's ability to protect consumers and maintain competition. The FTC may be a source of such non-public information because of its interactions with third parties during its

investigations. The agency also is susceptible to the unauthorized sharing of nonpublic information by insiders. The challenge the FTC faces is to examine whether certain long-standing policies and business practices can be revised to ensure that unauthorized sharing of non-public information does not occur.

Although an OIG investigation into the source of non-public information reported in the press during the Google investigation failed to reveal any unauthorized disclosures by FTC staff, the Agency has committed to taking steps to implement additional safeguards in risk areas identified by the OIG. Policies and business practices are being revisited to ensure that Commission staff are keenly aware of their responsibilities to safeguard the non-public nature of agency investigations. The effectiveness of these changes should be monitored over time and additional actions taken should it be determined that any unauthorized disclosure of nonpublic information has occurred.

Agency Progress in Addressing this Challenge

The FTC takes seriously its obligations to protect nonpublic information. Maintaining the confidentiality of nonpublic agency information is critical because obtaining sensitive, nonpublic information from businesses and consumers is the lifeblood of agency law enforcement investigations, and those sources would be reluctant to share such information in the absence of effective confidentiality safeguards. Unauthorized disclosures would impair the Commission's ability to protect consumers and maintain competition. Accordingly, Commission staff are subject to serious sanctions for unauthorized disclosures of nonpublic information, including criminal prosecution and disciplinary action.

The FTC has long had a practice of reminding staff frequently of their ethical and legal obligation to keep nonpublic information confidential. The agency is now taking additional steps to guard against unauthorized disclosures. Although staff are aware of their responsibility to protect nonpublic information, in FY 2014, the agency will issue additional notices and guidance to all staff to reinforce confidentiality requirements. Further, the agency will remind staff at each Commission meeting of the importance of protecting the confidentiality of discussions at the meeting.

Interactions with the Press. The Office of Public Affairs (OPA) is the primary contact point for the media in doing business with the FTC. Staff also speak with the press on a broad range of topics. These contacts support the FTC's initiatives to educate consumers about steps they can take to protect themselves and to educate businesses about how to comply with the FTC Act and other consumer protection and competition laws. These communications also advance statutory and Presidential policies furthering transparency and openness in government.

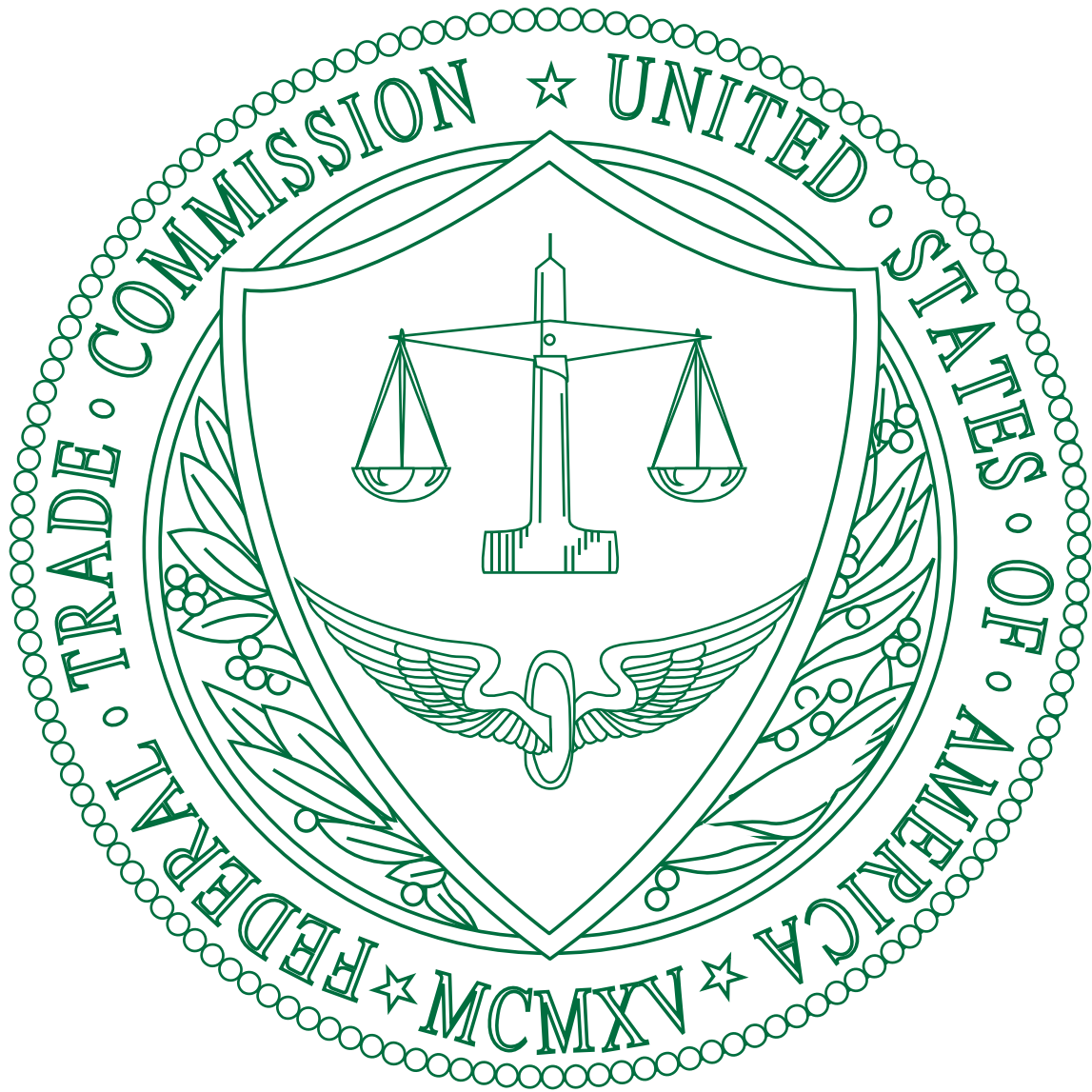
Commission policies generally allow staff to share only public information with the press. The agency will issue new guidance in FY 2014 that reminds staff of this imperative and clarifies that staff must notify OPA of press inquiries about investigations and law enforcement matters.

Information provided to third parties. On a limited basis, Commission personnel are permitted to disclose the existence of an investigation to potential witnesses or other third parties, but only to the extent necessary to advance the investigation. This practice is often essential to the efficient and effective conduct of investigations, including during the information-gathering stage and in developing appropriate remedies. For example, when the Commission is considering how best to conclude an investigation, it often is critical to learn from a variety of third parties about the marketplace, the competitive effects of the conduct under investigation, and the likely effects of any potential remedy. To the extent that possible remedies are discussed in such circumstances, staff reminds third parties that the information is nonpublic, that no conclusions have been reached, and that no inferences should be drawn as to whether violations of law have occurred. In FY 2014, the FTC will re-examine how to conduct such communications to minimize the risk that confidentiality will be breached, while nonetheless preserving the utility of such communications.

The FTC will assess in FY 2014 the effectiveness of both its existing practices to secure nonpublic information and these new initiatives.

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Descriptions



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Protecting Consumers

The FTC's goal of protecting consumers is advanced by five law enforcement functions (Privacy and Identity Protection, Financial Practices, 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 2014		Fiscal Year 2015	
	FTE	Dollars	FTE	Dollars
Privacy and Identity Protection	57	\$9,598	57	\$9,801
Financial Practices	92	15,339	92	15,621
Marketing Practices	96	15,998	96	16,285
Advertising Practices	58	9,758	58	9,957
Enforcement	54	9,111	54	9,304
Planning and Information	51	21,364	51	21,560
Consumer and Business Education	23	6,301	23	6,386
Economic and Consumer Policy Analysis	6	970	6	989
Management	29	4,917	29	5,027
Subtotal	466	\$93,356	466	\$94,930
Support	172	75,141	172	70,949
Total	638	\$168,497	638	\$165,879

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 reasonable steps to protect the security of sensitive personal information in a way that causes or is likely to cause consumer harm. Another key priority is protecting the privacy of children under age 13 by enforcing the Children's Online Privacy Protection Act, which requires online (including mobile) sites and services that collect personal information from children to provide parents with notice and get their consent. 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. 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. The FTC has issued reports and hosted workshops on general privacy, mobile privacy, comprehensive data collection, and new technologies such as facial recognition.
- **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. Privacy and Identity Protection enforces 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.

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.

- **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. Financial Practices uses enforcement and education to protect consumers from such harmful practices. It also conducts public workshops and makes policy recommendations on developments in the debt collection marketplace.
- **Mortgage, Credit Card, and Other Debt Relief Services:** Financial Practices targets firms that make deceptive offers to assist consumers in reducing or renegotiating secured debt, such as a mortgage or car loan, and unsecured debt, such as credit card bills. These claims mislead consumers already in financial distress as to who is providing these services, what services they will provide, and how much they charge for them. The scams vary, and include offers to provide mortgage loan modification, foreclosure relief, short sales, mortgage refinancing, debt settlement, debt negotiation, and credit counseling. Victims often find themselves in even more dire financial straits than before.
- **Payday Lending:** Many consumers who need cash quickly turn to payday loans – short-term loans with very high interest rates (i.e., 400% or more) that are generally due on the consumer's next payday after the loan is taken out. In recent years, the availability of payday loans via the Internet has markedly increased. Unfortunately, some payday lending operations have employed deception and other illegal conduct to take advantage of financially distressed consumers seeking these loans.
- **Motor Vehicle Sales, Financing, and Leasing:** For most consumers, the purchase of a car or truck is their most expensive financial transaction, other than the cost of housing. Financial Practices leads the FTC's regulatory and law enforcement efforts with respect to the practices of motor vehicle dealers, most of which were exempted from the authority of the Consumer Financial Protection Bureau by the Dodd-Frank Act.

- **Deception Relating to Other Financial Services:** Financial Practices broadly targets deception and unfairness in the marketing and provision of a diverse array of other financial products and services, such as credit repair and mortgage lending and servicing.
- **Mobile Cramming and Payments Systems:** As new mobile financial products emerge, Financial Practices is examining these developments and targeting unfair and deceptive practices in the mobile payments and m-commerce ecosystems, including cramming on mobile telephone bills.

MARKETING PRACTICES

Marketing Practices fights frauds that target financially distressed consumers, protects consumers using the Internet, mobile devices and all new technologies, spearheads the FTC's efforts to fight spam, unsolicited text messages and violations of the Do Not Call and Robocall Rules, 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 Fraud:** 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.
- **Telemarketing Fraud:** Marketing Practices enforces the Telemarketing Sales Rule (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. Do Not Call: Marketing Practices developed the FTC's Do Not Call amendments to the TSR, including amendments relating to prerecorded calls ("robocalls"), and leads the enforcement, compliance, and education efforts to implement these amendments. It also launched the agency's first public contest under challenge.gov.
- **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. Marketing Practices along with law enforcers in Australia, Canada, and the United Kingdom launched a major international crackdown on tech support scams in which telemarketers masquerade as major computer companies, con consumers into believing that their computers are riddled with viruses, spyware and

other malware, and then charge hundreds of dollars to remotely access and “fix” the consumers’ computers. Along with Advertising Practices, Marketing Practices also challenges the deceptive and unfair use of spyware and malware.

- **Gatekeepers:** Marketing Practices targets law enforcement against third-party entities that facilitate fraud, such as lead generators, voice blasters, and payment processors that provide fraudulent merchants with access to the banking or credit card systems.
- **Telecommunications and New Technologies:** Marketing Practices uses Section 5 of the FTC Act to challenge practices that use various components of the telecommunications system to victimize consumers. Studying new communications technologies helps staff anticipate and prevent fraud. The convergence of various applications onto single devices, using any type of Internet or mobile access service, whether for communications, payment, entertainment, or other purposes, raises important consumer protection issues.
- **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.
- **Rule Enforcement:** Marketing Practices enforces the FTC’s Franchise Rule, amended in 2007, and issued 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 online, on television, radio, in newspapers or magazines, 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, including the elderly and other vulnerable populations, 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. Advertising Practices 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-Technology 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.
- **Childhood Obesity and Food Marketing to Children:** Advertising Practices has led 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 2012, Advertising Practices issued a follow-up study which included a section analyzing the nutritional profile of foods marketed 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; its last undercover shopper survey was published in March 2013.

- **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, and publishes annual reports on cigarette and smokeless tobacco advertising and marketing. The FTC is coordinating with FDA as FDA assumes some tobacco-related responsibilities pursuant to the Family Smoking Prevention and Tobacco Control Act. Advertising Practices also monitors self-regulation of the alcohol advertising industry, encourages improved standards and compliance, and periodically reports to Congress and the public 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 Latino and negative option initiatives; and handles bankruptcy and collection matters 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.
- **Latino Law Enforcement Initiative:** Enforcement coordinates the Latino initiative to prosecute unfair or deceptive practices targeting Spanish-speaking Latino consumers, which FTC data show are twice as likely as non-Latino 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.
- **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.
- **Collections:** Enforcement conducts investigations, attaches assets, and litigates contempt actions in order to collect outstanding monetary judgments obtained by the Bureau of Consumer Protection. Additionally, Enforcement coordinates collection activities with the Department of the Treasury.

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 also offers litigation support, manages an Internet lab, and provides other assistance to the Bureau's law enforcement mission. Planning and Information is responsible for various efforts and activities, including:

- **Consumer Response Center:** The Consumer Response Center 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 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 currently has over 223 million active telephone number registrations.
- **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 20 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 complaints 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.
- **Data Analysis:** Data analysts examine the complaint data included in the Consumer Sentinel Network and respond to numerous requests for information about that data. They also provide analytical support to the Bureau's law enforcement efforts and measure the impact of activities related to the FTC's mission of protecting consumers.
- **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.
- **Resource Management:** Planning and Information oversees the Bureau's budget and performance measurement, including strategic planning, to provide a roadmap to guide staff activities and accomplish the FTC's goals and objectives. Planning and Information also maintains the records for the Bureau.

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 150 new or revised publications to alert consumers and busi-

nesses to their rights and responsibilities in the marketplace. These publications are distributed through an informal network of nearly 12,000 intermediaries, who order (via bulkorder.ftc.gov) – 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 2.5 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, bookmarks, blog posts, and infographics, 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 selected publications are produced in Korean, Chinese, Haitian Creole, Tagalog, and Vietnamese.

- **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:** Consumer and Business Education manages several special initiatives that speak to some of today’s most compelling consumer protection issues.
 - » OnguardOnline.gov, a website from 17 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.
 - » Consumer.gov, a campaign that features consumer protection basics, used by legal services organizations, ESL teachers and others to promote basic financial literacy.

- » National Consumer Protection Week, an annual effort to help local jurisdictions highlight consumer education efforts dealing with modern day takes on traditional snake oil. The FTC's partners in this effort include 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.
- » Military Consumer Protection Day (military.ncpw.gov): The unique challenges of military life often make military families targets for scammers. This site offers information to help empower military and veteran communities with information as a defense against consumer fraud. DoD, CFPB, and Military Saves are among the many federal and state agencies, consumer advocacy organizations and military support groups that partner in this effort.
- » Identity Theft: Consumer and Business Education maintains ftc.gov/idtheft, a one-stop national resource with information to help people protect their identity and deal with the consequences of identity theft. The site includes specific information for parents, service members, and law enforcement, as well as an outreach toolkit for community organizations.
- » The BCP Business Center: Your Link to the Law, at business.ftc.gov, offers practical guidance to businesses on advertising, telemarketing, data security, consumer privacy and credit. The site gives attorneys and marketing professionals the latest in law enforcement, easy access to statutes and rules enforced by the FTC and key compliance documents to make it easier for them to understand and meet their legal obligations. The site features video, online tutorials, the Business Center Blog and other innovative media.

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) mortgage disclosure forms, of the debt buyers industry, and of credit reporting accuracy. The program also supports consumer surveys, such as those measuring the incidence of fraud, and 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 sub-prime loans and the Department of Housing and Urban Development on various changes in mortgage disclosure documents.

MANAGEMENT

The goal of protecting consumers 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 three broad objectives: identifying and taking action to address deceptive or unfair practices that harm consumers, providing the public with knowledge and tools to prevent harm to consumers, and collaborating with domestic and international partners to enhance consumer protection. Management is responsible for the overall management and accomplishment of these goals and objectives.

Since 1995, the Bureau of 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.

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Promoting Competition

The FTC seeks to promote 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 anticompetitive conduct or mergers without interfering with businesses' legitimate activities.

Budget by Activity (\$ in thousands)

	Fiscal Year 2014		Fiscal Year 2015	
	FTE	Dollars	FTE	Dollars
Premerger Notification	19	\$3,243	19	\$3,298
Merger and Joint Venture Enforcement	197	33,273	197	33,844
Merger and Joint Venture Compliance	11	1,879	11	1,910
Nonmerger Enforcement	136	23,003	136	23,415
Nonmerger Compliance	2	334	2	339
Antitrust Policy Analysis	7	1,134	7	1,151
Other Direct	20	3,396	20	3,451
Subtotal	392	\$66,262	392	\$67,408
Support	146	63,241	146	59,713
Total	538	\$129,503	538	\$127,121

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 proscribed 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 competitive 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 Promoting 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 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.
- » **Minimizing 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 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 substantially to lessen competition, including high-priority areas for consumers such as health care (including pharmaceuticals), energy, and high 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 combined firm, 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 to block anticompetitive mergers pending an adjudicative proceeding. Often, parties wish to avoid a court proceeding and FTC is able to obtain remedies necessary to address potential harm to competition through a consent order. Where it is unable to do so and injunctive relief is inappropriate or unavailable (or after an injunction has been obtained), the FTC relies 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 most common remedy is divestiture of assets sufficient to preserve or restore competition, although the FTC uses 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, its decisions, and 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.

MERGER AND JOINT VENTURE COMPLIANCE

The Commission ensures that the orders it issues through Merger and Joint Venture Enforcement are well-designed, made effective in a timely fashion, and complied with by the parties through the Merger and Joint Venture Compliance Program.

- **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. 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.
- **Monitor Compliance:** Compliance staff closely monitors progress toward divestiture (or other relief) and, where necessary, recommends that fallback order provisions be invoked, such as trustee-managed divestiture, the divestiture of larger asset packages, or, where necessary, civil penalty actions. Civil penalty actions entail investigation and, where necessary, federal court litigation. 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 to Modify Orders:** 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

Firms 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, competition authorities must stop practices designed to entrench market power and deny consumers the benefit of new forms of competition. Thus, for example, the FTC has challenged agreements between branded and generic pharmaceutical companies to delay lower-priced generic entry harm consumers by stifling price competition, and also 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 harm consumers from those that may promote competition.

The FTC's nonmerger activities encompass a wide variety of business practices that 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 in to 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. Horizontal restraints, such as price-fixing, can harm consumers by raising prices or by reducing the quantity and quality of goods and services. 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, 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 market power can use various anti-competitive practices to reduce output and increase price above the competitive level, injuring consumers and misallocating resources. While neither the existence of market power nor the attempt to achieve it is unlawful in itself, obtaining, increasing, or maintaining market 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 constitutes vigorous competition.

- **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.

- **Implementation of Agreements and Orders:** Staff draws on its expansive experience as well as discussions with the parties and affected third parties to craft relief that will be effective yet not chill competitive conduct. Often, conduct remedies will require that parties’ compliance be monitored by an independent third party who regularly reports to the Commission.
- **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 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.

This effort also supports studies of key industries, such as the recent studies of authorized generic drugs, retail mergers, and other health care issues. 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 January 2013, the staff issued a report providing extensive statistical information about horizontal merger investigations.
- **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 promoting 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

Promoting 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 Capital 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 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.

Related to this activity, the Agency is exploring options for an effective electronic filing system for premerger filings received under the HSR program. This system will allow merging parties to submit required HSR Notification and Report Forms electronically via the Internet. Once a form is processed, it would be accessible by the reviewing agencies via a shared database. Electronic filing will provide faster processing time, improved data entry, and the elimination of expensive and time-consuming duplication of documents.

- **Information Systems Management:** The Bureau of Competition's Information Systems Management staff manages the records systems necessary to track all matters opened within the Promoting Competition Mission. It also coordinates activities with the FTC's Office of the Chief Information Officer, 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 principles 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.

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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 2014		Fiscal Year 2015	
	FTE	Dollars	FTE	Dollars
Commissioners	40	\$6,769	40	\$6,880
Policy Planning	15	2,396	15	2,436
Office of the General Counsel	55	8,633	55	8,775
Office of International Affairs	26	4,744	26	4,826
Office of the Secretary	11	2,065	11	2,099
Administrative Law Judges	6	938	6	953
Office of the Executive Director	141	108,647	141	100,433
Office of Congressional Relations	7	1,102	7	1,120
Office of Public Affairs	9	1,497	9	1,521
Office of Inspector General	5	1,082	5	1,101
Office of Equal Employment Opportunity	3	509	3	518
Total Support	<u>318</u>	<u>\$138,382</u>	<u>318</u>	<u>\$130,662</u>
Allocation of Support				
Protecting Consumers	172	\$75,141	172	\$70,949
Promoting Competition	146	63,241	146	59,713
Total Support	<u>318</u>	<u>\$138,382</u>	<u>318</u>	<u>\$130,662</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 and policy advice to the Commission, the operating bureaus, and other offices.

- **Litigation:** In its litigating capacity, the Office of General Counsel (OGC) 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 counsels staff on the conduct of law enforcement investigations, enforces civil investigative demands and other compulsory processes, advises staff on issues relating to the discovery of electronically stored information, and frequently assists staff in responding to discovery requests directed to the FTC or its staff. It assists the Department of Justice in defending cases brought to enjoin or otherwise challenge agency action, or to obtain monetary damages against the FTC or its personnel. The Office also furnishes advice and assistance concern-

ing other litigation activities, prepares amicus curiae briefs authorized by the Commission, and works to ensure that our adjudicatory process is efficient and fair.

- **Legal Counsel:** In its Legal Counsel 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 directly 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.

- **Opinion and Analysis:** OGC assists the FTC in drafting opinions and providing all necessary support for the Commission's Part 3 functions. Staff provides an analysis of complex legal issues for the Commission, provides assistance to other offices, and 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, Labor, and Appropriations:** 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 administers the Agency's Freedom of Information Act program, and works extensively with the administration of the Privacy Act, 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 (OIA) is responsible for the international aspects of the FTC's goals of promoting competition and protecting consumers. 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.

OIA's work comprises three areas: supporting the FTC's consumer protection and competition case 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 to obtain the legal and economic skills necessary to perform their missions.

OIA assists the FTC's competition mission through advice to case teams on international issues such as access to foreign witnesses and evidence and through its work in various bilateral and multilateral fora.

- **Bilateral Relationships:** Effective cooperation with counterpart agencies is a necessity given the many FTC cases that involve 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, such as the recent Memoranda of Understanding with Chinese and Indian competition agencies, and a network of 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 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) where the FTC leads an initiative to strengthen due process protections in competition investigations, 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 agreements, such as the current Trans-Pacific Partnership and the proposed United States/European Union Transatlantic Trade and Investment Partnership (TTIP).

We also participate in the interagency process to formulate and implement competition and related policies toward China.

OIA helps the FTC accomplish its consumer protection and privacy goals by building international enforcement cooperation and fostering the development of sound policies that take into account rapid technological and other changes in the global marketplace. These activities include:

- **Investigative and Litigation Advice and Assistance:** OIA supports case teams from BCP and OGC when international issues arise in FTC investigations and cases. OIA's work spans the range of enforcement-related activities, from providing advice and briefings on issues such as jurisdiction and service of process to obtaining evidence, including expert evidence, located abroad, to working with case teams and foreign attorneys to identify and secure foreign assets for redress.
- **International Enforcement Cooperation:** The FTC continues to receive many complaints that involve international transactions and undertakes many law enforcement investigations with an international dimension, particularly as more countries transact business online. To promote a culture of mutual enforcement assistance, the FTC has implemented a comprehensive effort to combat cross-border consumer fraud. In 2006, Congress gave the FTC powers to do this more effectively through the U.S. SAFE WEB Act, which provides the FTC with key information sharing, investigative assistance, and cross-border enforcement authority. The FTC has used this authority to pursue cross-border wrongdoers robustly and effectively. Congress reauthorized the Act in November 2012, and President Obama signed it into law in December 2012.

The FTC continues to develop and strengthen bilateral and multilateral enforcement partnerships with international consumer protection, data protection, and criminal law enforcement counterparts to enable it to more effectively support the FTC's enforcement activities. It works closely with a range of Canadian agencies on cross-border telemarketing, privacy, and Internet fraud issues and has strengthened 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, and it works closely with regional consumer protection networks in Asia, Africa, and Latin America. The FTC also co-chairs the London Action Plan on international spam enforcement cooperation and is an active participant in the International Mass Marketing Fraud Working Group. In the privacy area, the FTC has played a lead role in setting up the APEC cross-border privacy enforcement arrangement and the Global Privacy Enforcement Network, and is now an active member of the International Conference of Data Protection and Privacy Commissioners. 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:** OIA advocates vigorous enforcement of the key rules that protect consumers from significant harm, including from fraud, deception and unfair practices, in the global marketplace. Examples of the FTC's activity in this area include its work on the international dimensions of emerging electronic commerce-related issues such as mobile payments, social networking, and digital content products, and the economics of consumer protection in the OECD's consumer policy committee and other international organizations. Examples in the international privacy area include the FTC's contribution to the development of the APEC cross-border data privacy rules system, the agency's contribution to the revised OECD Privacy Guidelines, and its work on other international privacy issues addressed by the OECD Working Party on Information Security and Privacy. As in the competition area, OIA also actively participates in trade negotiations and other international discussions of consumer protection and privacy issues including in TTIP, UNCTAD and regional organizations such as APEC. The FTC also engages on consumer protection and privacy issues directly with its counterparts in the European Union, Asia, Latin America, and beyond.
- **Cross-Cutting Technical Assistance:** The FTC provides technical assistance to countries in transition to market economies and that are establishing new competition and consumer protection regimes. It also shares staff investigative and analytical expertise and experience with colleagues in more advanced jurisdictions as they address more complex issues. Our program contributes to convergence toward sound policies that benefit American consumers and businesses. In FY 2012, OIA continued to organize training seminars for the staff of the Competition Commission of India and, in cooperation with other agencies, organized several training programs for China's three antitrust agencies. We also conduct innovative consumer protection and privacy programs in Asia, Africa, and Latin America that help agencies develop and upgrade their legal frameworks and enforcement techniques in light of technological developments. The FTC also participates in two regional networks that it helped found, the Inter-American Competition Alliance and the African Dialogue on Consumer Protection. Through the African Dialogue, the FTC has cultivated law enforcement partnerships with African consumer protection agencies by providing hundreds of African officials with investigative training and other capacity-building tools, and by promoting coordinated information sharing, coordinated enforcement and consumer education

The FTC also provides 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 through instruction in substantive economic and legal issues. The FTC also responds to requests

for comments on draft competition, consumer protection, and privacy legislation and hosts foreign officials who visit the agency to study the U.S. experience in administering its antitrust, consumer protection, and privacy laws. Taking advantage of its combined competition and consumer protection functions, OIA explains how these policies can be mutually reinforcing in enhancing consumer welfare, and it serves as a resource to other jurisdictions that seek to coordinate the two functions.

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 63 Fellows from 29 jurisdictions, and FTC staff have participated in exchanges with competition agencies in Canada, the United Kingdom, Mexico, and the European Commission.

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 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 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 rule-making 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 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 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:

- Ensures that Commission news releases, supporting documents, and consumer and business education materials are disseminated to the news media and the public on FTC websites, through use of social media, and other channels.
- Works with international, national, and regional media for coverage of Commission activities.
- Provides assistance to the media and bloggers involved in covering FTC activities.
- Arranges media appearances for the Chairman, Commissioners, and other senior officials.
- Manages the agency's content on the FTC.gov website.
- Manages the FTC's official presence on Facebook and Twitter, including hosting live social chats, live-tweeting workshops, and answering public questions using social media.
- Produces a daily "News Summary" on FTC activities consisting of interesting/influential tweets, clips from newspapers, magazines, online publications, and television.
- Drafts and maintains all social media privacy impact assessments and produces weekly social mentions report to staff.
- Promotes and supports major FTC outreach activities and initiatives and uses new technology, as available, to advance these efforts.
- 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.
- Garners transcripts and videotapes of broadcast coverage of Commission activities.
- Coordinates with staff on publication of FTC blogs, posts, and occasional guest posts.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) was created, in accordance with the Inspector General 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 Commission 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 semianually to the Congress on OIG activities.

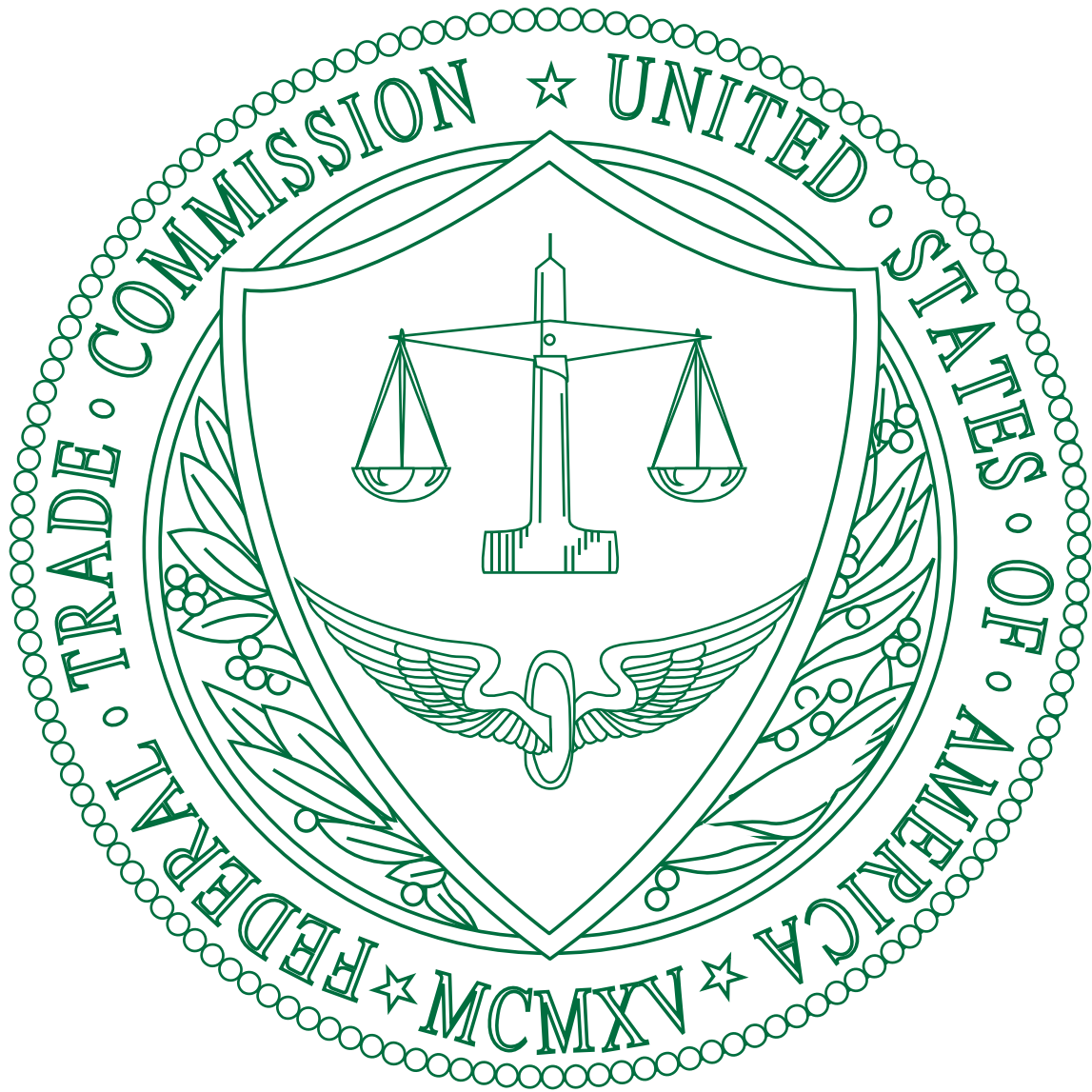
The OIG also performs congressionally mandated financial statement and information security audits which allow the OIG to focus on information management, GPRA implementation, and other activities identified as important by management in the agency's strategic and performance plans. Finally, the OIG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

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 direction 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.

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Additional Budget Exhibits



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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, [\$298,000,000] \$293,000,000, 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 [\$103,300,000] \$104,500,000 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 \$15,000,000, 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 [2014] 2015, so as to result in a final fiscal year [2014] 2015 appropriation from the general fund estimated at not more than [\$179,700,000] \$173,500,000: *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). (*Financial Services and General Government Appropriations Act, 2014.*)

Program and Financing
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Obligations by Program Activity:			
0001 Protecting Consumers	172	160	134
0002 Promoting Competition	127	125	106
0091 Direct program activities, subtotal	299	285	240
0192 Subtotal, direct program	299	285	240
0803 Reimbursable program	1	62	63
0900 Total new obligations	300	347	303
Budgetary Resources:			
Unobligated Balance:			
1000 Unobligated balance carried forward, Oct 1	58	56	8
1021 Recoveries of prior year unpaid obligations	3	---	---
1050 Unobligated balance (total)	61	56	8
Budget Authority:			
Appropriations, discretionary:			
1100 Appropriation	216	180	174
1130 Appropriations permanently reduced	-10	---	---
1160 Appropriation, discretionary (total)	206	180	174
Spending authority from offsetting collections, discretionary:			
1700 Offsetting collections (HSR Fees)	80	103	105
1700 Offsetting collections (Do Not Call Fees)	14	15	15
1700 Offsetting collections (Fed. Reimb. Programs)	1	1	1
New and/or unobligated balance of spending authority from offsetting collections temporarily reduced			
1723	-6	---	---
1750 Spending authority from offsetting collections, discretionary (total)	89	119	121
1900 Budget authority (total)	295	299	295
1930 Total budgetary resources available	356	355	303
Change in Obligated Balances:			
Obligated balance, start of year (net)			
3000 Unpaid obligations, brought forward, Oct 1 (gross)	80	98	148
3020 Obligated balance, start of year (net)	80	98	148
3030 Obligations incurred, unexpired accounts	300	347	303
3040 Outlays (gross)	-279	-297	-293
3080 Recoveries of prior year unpaid obligations, unexpired	-3	---	---
Obligated balance, end of year (net):			
3090 Unpaid obligations, end of year (gross)	98	148	158
3100 Obligated balance, end of year (net)	98	148	158
Budget Authority and Outlays (net):			
Discretionary:			
4000 Budget authority, gross	295	299	295
Outlays, gross:			
4010 Outlays from new discretionary authority	243	204	198
4011 Outlays from discretionary balances	36	93	95
4020 Outlays, gross (total)	279	297	293
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	---	-1	-1
4034 Offsetting governmental collections	-95	-118	-120
4040 Offsets against gross budget authority and outlays (total)	-95	-119	-121
4070 Budget authority, net (discretionary)	200	180	174
4080 Outlays, net (discretionary)	184	178	172
4180 Budget authority, net (total)	200	180	174
4190 Outlays, net (total)	184	178	172

Object Classification
(\$ in millions)

Identification Code: 29-0100-0-1-376	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Direct Obligations			
Personnel Compensation:			
11.1 Full-time permanent	130	74	74
11.3 Other than full-time permanent	8	8	8
11.5 Other personnel compensation	1	1	1
11.8 Special personal services payments	1	1	1
11.9 Total Personnel Compensation	140	84	84
12.1 Civilian personnel benefits	39	42	43
21.0 Travel and transportation of persons	2	3	3
23.1 Rental payments to GSA	29	36	27
23.3 Communications, utilities, and miscellaneous charges	6	7	7
24.0 Printing and reproduction	2	2	2
25.1 Advisory and assistance services	43	60	38
25.2 Other services	4	4	4
25.3 Purchases of goods and services from government accounts	12	12	12
25.4 Operation and maint. of facilities	1	1	1
25.7 Operation and maint. of equipment	2	3	5
26.0 Supplies and materials	1	1	1
31.0 Equipment	18	30	13
99.0 Subtotal, Direct Obligations	299	285	240
Reimbursable Obligations			
Personnel Compensation:			
11.1 Full-time permanent	1	62	63
99.0 Subtotal, Reimbursable Obligations	1	62	63
99.9 Total New Obligations	300	347	303

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
Direct			
1001 Full-time equivalent employment	1,143	1,176	1,176
Reimbursable			
2001 Full-time equivalent employment ¹	2	6	6

¹Includes 6 FTE reimbursed by other federal agencies.

Inspector General's Request

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 2015:

- The Office of Inspector General (OIG) requests aggregate funding of \$1,101,000 for FY 2015.
- OIG requests \$8,400 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2015.
- OIG requests \$3,100 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 2015.

<u>FY 2014 Budget</u>		<u>FY 2015 Estimate</u>		<u>Change</u>	
\$ in thousands		\$ in thousands		\$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
5	\$1,082.0	5	\$1,101.0	0	\$19



Scott E. Wilson
Inspector General
Federal Trade Commission