



FEDERAL TRADE COMMISSION

FISCAL YEAR 2020
CONGRESSIONAL BUDGET JUSTIFICATION

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JOSEPH J. SIMONS
CHAIRMAN

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

March 11, 2019

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

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

Dear Chairmen Quigley and Kennedy:

This letter transmits the budget justification for the Federal Trade Commission (FTC) in support of the President's fiscal year (FY) 2020 budget request.

The FTC's FY 2020 budget requests a program level of \$312,300,000 and 1,140 full-time equivalent (FTE) positions. 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. Please note the FY 2019 budget levels provided in the following exhibits reflect the level at which the FTC was operating under the continuing resolution (\$306,317,000).

This budget justification includes the FTC's Annual Performance Plan and Report. The performance data presented here are a reliable and complete assessment for the year. More information can be found in the *Verification and Validation of Performance Data* section and the *Data Quality Appendix* located at <https://www.ftc.gov/reports/2018-2022-performance-data-quality-appendix>.

By direction of the Commission.

Sincerely,

A handwritten signature in blue ink that reads "Joseph J. Simons".

Joseph J. Simons
Chairman

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BUDGET REQUEST



Budget Request Summary

(\$ in thousands)

	Fiscal Year 2019		Fiscal Year 2020		Change	
	FTE	Dollars	FTE	Dollars	FTE	Dollars
Budget by Goal:						
Protecting Consumers	612	\$168,474	612	\$172,077	-	\$3,603
Promoting Competition	528	137,843	528	140,223	-	2,380
Total	1,140	\$306,317	1,140	\$312,300	-	\$5,983

Budget by Funding Source:

Offsetting Collections				
HSR Filing Fees		\$126,000	\$136,000	\$10,000
Do Not Call Fees		16,000	15,000	-1,000
Subtotal Offsetting Collections		\$142,000	\$151,000	\$9,000
General Fund		164,317	161,300	-3,017
Total		\$306,317	\$312,300	\$5,983

NEEDED RESOURCES FOR FY 2020

The FTC is a highly effective independent agency with a unique dual mission to protect consumers and promote competition. For more than one hundred years, the FTC has championed the interests of American consumers. The FTC is dedicated to advancing consumer interests while encouraging innovation and promoting competition in our dynamic economy. To maintain its high level of performance in FY 2020, the FTC is requesting \$312,300,000 and 1,140 FTEs. This is an overall increase of \$5,983,000 above the annualized amount provided to the FTC in the FY 2019 CR, and consists of the following:

- Increase of \$5,983,000 for agency critical investments:
 - » \$1,359,000 for BCP to pay for the increased cost of the Sentinel Network Services contract resulting from higher call volume, and to refresh the Tech Lab, which provides staff with the technological tools to effectively conduct investigations and research in support of the FTC's consumer protection mission.
 - » \$1,624,000 for BC's expert witness needs due to increased numbers of complex investigations and litigations.
 - » \$3,000,000 for the Office of the Executive Director to further implement the IRM Strategic Plan for IT modernization and to pay for the initial phases of migrating agency legacy applications to the cloud.
 - » A portion of the increase may be applied to mandatory compensation adjustments as needed.

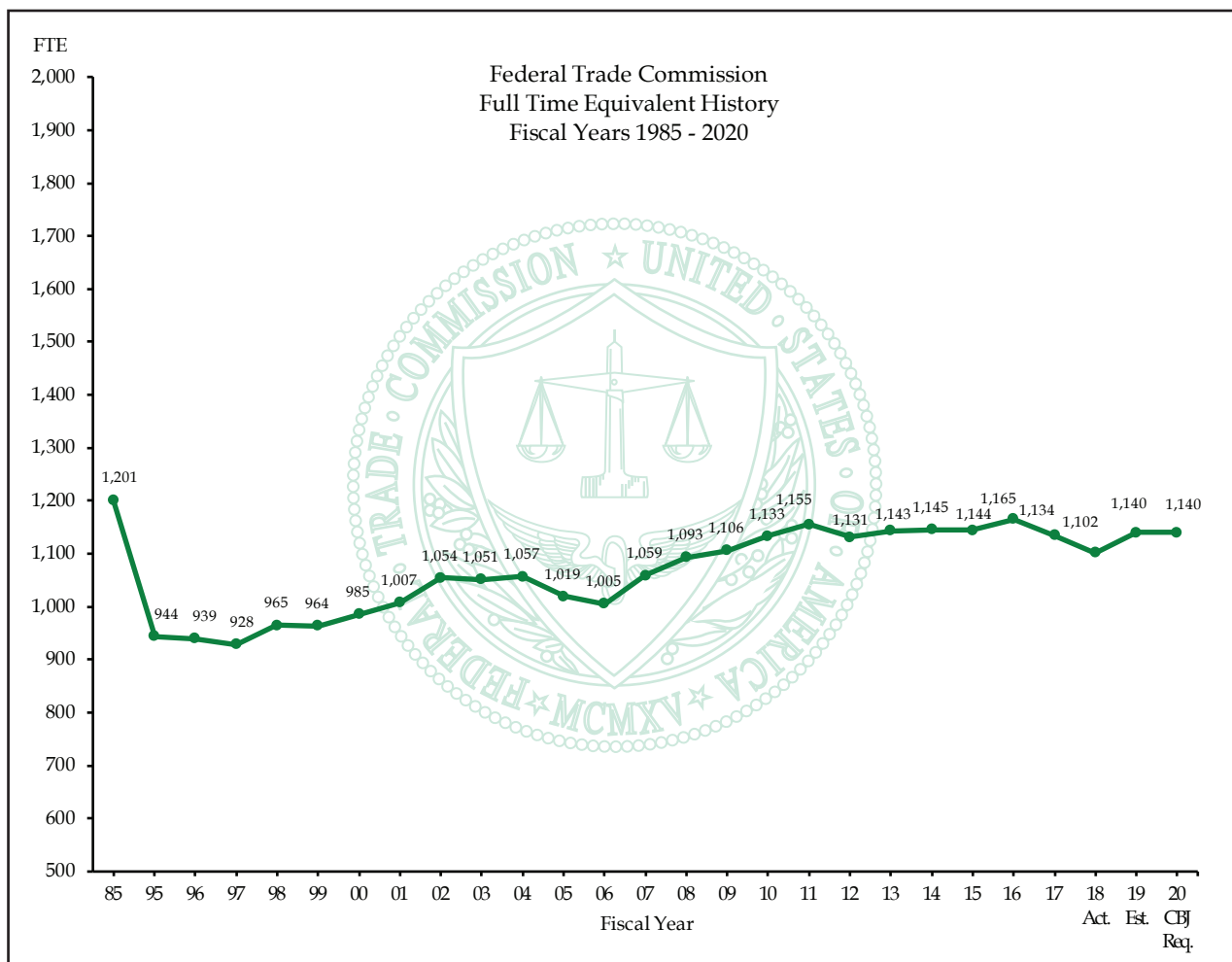
APPROPRIATIONS LANGUAGE PROVISIONS

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 2020 continues the 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 Act (HSR) filing fees and Do Not Call fees will provide the FTC with \$151,000,000 in FY 2020. The FTC assumes the \$161,300,000 difference between offsetting collections and the \$312,300,000 request will be funded through a direct appropriation.

HSR Premerger Filing Fees. This submission assumes offsetting HSR fee collections will provide the FTC with \$136,000,000. 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 the Antitrust Division of the U.S. Department of Justice.

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.

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FEDERAL TRADE COMMISSION

FISCAL YEAR 2020 OVERVIEW STATEMENT

HIGHLIGHTS OF FY 2018 ACCOMPLISHMENTS

Protecting Consumers

This fiscal year, in furtherance of the agency's consumer protection mission, the FTC emphasized four areas that reflect key challenges consumers face today: privacy and data security risks; deceptive claims in advertising and marketing; protecting consumers in the financial marketplace; and fraud targeting specific populations. In addition, the FTC continued its longstanding efforts to fight other unfair and deceptive practices, including robocalls. The FTC also enforced its orders against repeat offenders and referred cases to criminal authorities as appropriate.

In FY 2018, the FTC filed 48 new complaints in federal district court and obtained 84 permanent injunctions and orders requiring defendants to pay more than \$226.8 million in consumer redress or disgorgement of ill-gotten gains. Defendants also were required to pay approximately \$40.5 million under three civil contempt orders. In addition, cases referred to the Department of Justice (DOJ) resulted in 11 court judgments imposing civil penalties of approximately \$3.2 million. Furthermore, the FTC issued 16 new administrative complaints and entered 20 final administrative orders.

In FY 2018, the Commission also issued 18 reports on consumer protection subjects, and released 26 new consumer and business education publications. In December 2017, the FTC issued the agency's first Office of Claims and Refunds Annual Report.

Protecting Privacy and Data Security

- **Unfair and Deceptive Privacy and Data Security Practices:** The FTC and 32 state attorneys general alleged that Lenovo, one of the world's largest computer makers, put people's login credentials, Social Security numbers, and financial information at risk when it pre-installed adware on some of its computers so it could deliver pop-up ads to consumers. Lenovo settled charges that the software it installed, VisualDiscovery, created serious security vulnerabilities in laptops it sold to people beginning in August 2014. As part of the settlement, Lenovo is prohibited from misrepresenting any features of software preloaded on laptops that will inject advertising into consumers' Internet browsing sessions or transmit sensitive consumer information to third parties. The company must also get consumers' affirmative consent before pre-installing this type of software.

Mobile phone manufacturer BLU Products and its co-owner settled with the FTC over allegations that the company allowed a China-based third-party service provider to collect detailed personal information about consumers, such as text message contents and real-time location information, without their knowledge

or consent despite promises by the company that it would keep such information secure and private. As part of the settlement, BLU must implement a comprehensive data security program to help prevent unauthorized access of consumers' personal information and address security risks related to BLU phones.

The FTC alleged that Pay Pal's Venmo peer-to-peer payment service misled consumers about their ability to transfer funds to external bank accounts and control the privacy of their Venmo transactions. The settlement prohibits Venmo from misrepresenting any material restrictions on the use of its service, the extent of control provided by any privacy settings, and the extent to which Venmo implements or adheres to a particular level of security. Venmo also is required to make certain disclosures to consumers about its transaction and privacy practices, and is prohibited from violating the Privacy Rule and the Safeguards Rule. Consistent with past cases involving violations of Gramm-Leach-Bliley Act Rules, Venmo is required to obtain biennial third-party assessments of its compliance with these rules for 10 years.

- **Children's Privacy Law Violations:** The FTC obtained \$650,000 in a settlement with the electronic toy manufacturer VTech and its U.S. subsidiary over allegations that the company violated U.S. children's online privacy laws by collecting personal information from children without providing direct notice and obtaining their parents' consent, and failing to take reasonable steps to secure the data it collected.
- **Education Technology Workshop:** The FTC and Department of Education hosted a workshop in December 2017 to examine privacy issues related to education technology. The workshop examined how the FTC's Rule implementing the Children's Online Privacy Protection Act (COPPA) applies to schools and intersects with the Family Educational Rights and Privacy Act (FERPA) administered by the Department of Education.
- **Revenge Porn Site:** At the request of the FTC and the State of Nevada, a federal court ordered that MyEx.com, a revenge porn site, be permanently shut down, and that the operators pay more than \$2 million after finding they violated federal and state law by posting intimate images of people and their personal information without their consent and charging takedown fees. The FTC and State of Nevada alleged that the website, MyEx.com, was dedicated solely to revenge porn and solicited intimate pictures and videos of victims, together with their personal information such as their name, address, employer, and social media account information. The site urged visitors to "Add Your Ex," and to "Submit Pics and Stories of Your Ex." In numerous instances, the defendants allegedly charged victims fees from \$499 to \$2,800 to remove their images and information from the site.
- **Automated and Connected Motor Vehicles:** The FTC released a staff perspective paper detailing the key takeaways from the June 2017 workshop the Commission co-hosted with the National Highway Traffic Safety Administration that focused on privacy and security issues related to connected cars. The paper notes that panelists discussed the types of data collected from autonomous and connected cars

and the ways in which the data can be used. In addition, it notes that consumers may be concerned about secondary, unexpected uses of such data. The paper also details the panelists' discussion of the cybersecurity challenges facing connected cars and best practices for addressing these risks.

- **Identity Theft:** The FTC 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. Identity theft victims can go online to the FTC's [IdentityTheft.gov](https://www.ftc.gov/identity-theft) website and get a free, personalized identity theft recovery plan. The one-stop website is integrated with the FTC's consumer complaint system, allowing consumers who are victims of identity theft to rapidly file a complaint with the FTC and then get a personalized guide to recovery that helps streamline many of the steps involved. Victims can create user accounts, get detailed, custom recovery plans based on their unique experiences, and create the documents they need to alert police, the nationwide consumer reporting agencies, and the Internal Revenue Service (IRS).

The FTC and the IRS teamed up to make it easier for consumers to report tax-related identity theft and to receive assistance to help recover. The IRS will now allow consumers to report identity theft to the IRS electronically through the FTC's [IdentityTheft.gov](https://www.ftc.gov/identity-theft) website. Tax-related identity theft happens when someone uses a stolen Social Security number to file a tax return and claim a refund. Victims of tax-related identity theft need to file an [IRS Identity Theft Affidavit](https://www.irs.gov/identity-theft), also known as IRS Form 14039, before the IRS can begin resolving the problem. Until this new initiative, consumers could only file an IRS Form 14039 manually.

- **Privacy Conference:** The FTC hosted its third PrivacyCon event to highlight research that explores the privacy and security implications of emerging technologies, such as the Internet of Things, artificial intelligence, and virtual reality. The event also focused on the economics of privacy, including how to quantify the harms that result when companies fail to secure consumer information, and how to balance the costs and benefits of privacy-protective technologies and practices. The event included a Student Poster Session aimed at encouraging the next generation of researchers to explore the privacy and data security implications of emerging technologies, as well as the economics of privacy.
- **Mobile Device Security:** The FTC issued a report that finds that the complexity of the mobile ecosystem means that the security update process for patching operating system software on some mobile devices is intricate and time-consuming. While noting that industry participants have taken steps to streamline the process, the report recommends that manufacturers consider taking additional steps to get more security updates to user devices faster. It also recommends that manufacturers consider telling users how long a device will receive security updates and when update support is ending.

Stopping Deceptive Advertising and Marketing Practices

- **False Health Claims:** Marketing Architects, an advertising agency that created and disseminated allegedly deceptive radio ads for weight-loss products marketed by its client, Direct Alternatives, agreed to pay \$2 million to the FTC and the State of Maine Attorney General’s Office to settle their complaint. The complaint also alleged that Marketing Architects has a history of creating similar claims for other weight-loss marketers including Sensa, the subject of a 2014 FTC complaint and settlement, and Direct Alternatives, the subject of a 2016 complaint and settlement with the FTC and Maine. The \$2 million judgment is among the largest ever obtained by the FTC against an advertising agency. In a separate case, Health Research Laboratories and its owner Kramer Duhon agreed to settle charges by the FTC and the State of Maine that they deceived consumers with promises that their products could treat everything from arthritis to memory loss. The order bars the defendants from engaging in a wide range of business practices that the agencies allege have caused financial injury to consumers and imposes a judgment of \$3.7 million, which will be suspended upon payment of \$800,000. In another case, Global Concepts Limited agreed to settle FTC charges that advertisements for their MSA 30X sound amplifier deceptively claimed the device is “independently tested to help you hear up to 30 times better.” Under a court order settling the FTC’s complaint, the defendants will pay \$500,000, and will be barred from making similar unsupported claims in the future and from representing their claims are based on scientific evidence if they are not.
- **Opioid Cessation Products:** The FTC and the U.S. Food and Drug Administration (FDA) posted warning letters to 15 marketers and distributors of opioid cessation products for illegally marketing products with unproven claims about their ability to help in the treatment of opioid addiction and withdrawal. The FTC, in coordination with the Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services, issued a fact sheet to help consumers get real help for opioid addiction or withdrawal, while avoiding products that promise but do not deliver help.
- **E-Liquid and E-Cigarette Products:** The FTC and FDA jointly issued 13 warning letters to manufacturers, distributors, and retailers for selling e-liquids used in e-cigarettes with labeling and/or advertising that resemble kid-friendly food products, such as juice boxes, candies, or cookies, some of them with cartoon-like imagery. Several of the companies receiving warning letters also were cited for illegally selling the products to minors.
- **Intravenously Injected Therapy Products (iV Cocktails):** The FTC brought its first case against an “iV Cocktail” therapy marketer. The [FTC charged A&O Enterprises](#), a marketer and seller of iV Cocktails, with making a range of deceptive and unsupported health claims about their ability to treat serious diseases such as cancer, multiple sclerosis, and congestive heart failure. The company agreed to a settlement prohibiting them from making such claims, unless the claims can be supported by competent and reliable scientific evidence.

- **Endorsements:** The FTC approved a final consent order settling its first-ever case against individual social media influencers, the owners of the CSGO Lotto website. The FTC charged Trevor “TmarTn” Martin and Thomas “Syndicate” Cassell, two online influencers who are widely followed in the gaming community, with deceptively endorsing the online gambling service CSGO Lotto, while failing to disclose they jointly owned the company. According to the FTC, the defendants also paid other well-known influencers thousands of dollars to promote the site on YouTube, Twitch, Twitter, and Facebook, without requiring them to disclose the payments in their social media posts. The order prohibits the defendants from misrepresenting that any endorser is an independent user or ordinary consumer of a product or service. The order also requires clear and conspicuous disclosures of any unexpected material connections with endorsers.
- **Native Advertising:** The FTC released a report that explores consumer recognition of paid search advertising and “native advertising” that resemble news, feature articles, product reviews, entertainment, or other non-advertising online content. The study provides insights into how consumers perceive search and native ads and how modifications to disclosures, including to disclosure language, position, text size, and color and to other visual cues such as borders and background shading, may enhance consumers’ recognition of these ads. The results of the study suggest that using some commonsense disclosure techniques, like those discussed in existing FTC staff guidance to search engines and to native advertisers, can greatly increase the likelihood that search and native ads are recognizable as ads to consumers.
- **False Online Advertisements:** Tarr, Inc., a vast network of online marketers, agreed to settle FTC charges that they sold more than 40 weight-loss, muscle-building, and wrinkle-reduction products to consumers using unsubstantiated health claims, fake magazine and news sites, bogus celebrity endorsements, and phony consumer testimonials. The FTC also alleged that the defendants used deceptive offers of “free” and “risk-free” trials, and automatically enrolled consumers without their consent in negative option auto-ship programs with additional monthly charges. The court order imposes a judgment of \$179 million that will be suspended after the defendants pay approximately \$6.4 million to the FTC. In a separate case, the FTC obtained a court order against Danny Pierce and Andrew Lloyd for their roles in an alleged scheme that lured consumers with fake rental property ads and deceptive promises of “free” credit reports into signing up for a costly credit monitoring service. Pierce and Lloyd will pay a total of \$762,000 to resolve the agency’s claims. In [another case](#), the FTC obtained a court order against Credit Bureau Center, LLC and its owner, Michael Brown, requiring them to pay more than \$5.2 million to resolve FTC charges that they deceived people with fake rental property ads and deceptive promises of “free” credit reports, and then tricked them into enrolling in a costly monthly credit monitoring service.
- **Deceptive Rental Listings:** [A federal court halted](#) two brothers and their four California companies from using false or unsubstantiated claims in the market-

ing of online rental listings offered through their websites. The FTC alleges that Steven and Kevin (Kaveh) Shayan advertised on their WeTakeSection8.com website housing that purportedly accepts Section 8 vouchers for low-income families, elderly, and disabled persons. The defendants have claimed that the website has accurate, up-to-date, and available listings that are approved for Section 8 housing vouchers. The FTC alleges that these claims are false or unsubstantiated, and that most of the listed properties either are not available or do not accept Section 8 housing vouchers.

- **Telemarketing Robocalls:** The FTC charged Alliance Security Inc., a home security installation company, and its founder, with calling millions of consumers whose numbers are on the National Do Not Call (DNC) Registry directly and through authorized telemarketers. Two of Alliance’s authorized telemarketers and their principals also agreed to settle charges that they made illegal calls on Alliance’s behalf. The FTC alleges Alliance and its CEO and founder Jasjit “Jay” Gotra are recidivist violators of the Commission’s Telemarketing Sales Rule (TSR). Gotra previously operated Alliance under the name Versatile Marketing Solutions, Inc., and settled FTC telemarketing- and robocall-related charges against them in a 2014 court order. In the new action, the FTC alleges Alliance and Gotra never complied with the 2014 court order. In another case, the FTC charged James Christiano and Andrew Salisbury and the companies they control that make robocall technology, NetDotSolutions, TeraMESH Networks, and World Connection, with allegedly facilitating billions of illegal robocalls to consumers nationwide, pitching everything from auto warranties to home security systems and supposed debt-relief services.

The FTC and the Federal Communications Commission (FCC) hosted a joint policy forum to discuss the regulatory challenges posed by illegal robocalls and what the FTC and FCC are doing to both protect consumers and encourage the development of private-sector solutions. The FTC and FCC also co-hosted a Technology Expo for consumers that featured technologies, devices, and applications to minimize or eliminate the illegal robocalls consumers receive. The FTC and FCC have worked closely with phone companies, tech innovators, and others to find solutions for consumers to the problems of illegal robocalls and malicious spoofing.

Protecting Consumers in the Financial Marketplace

- **Deceptive Mortgage and Debt Relief Services:** The FTC charged Consumer Defense, a mortgage loan modification operation, with deceiving financially distressed homeowners by falsely promising to prevent foreclosure and make their mortgages more affordable. According to the FTC, the defendants typically charged consumers \$3,900 in unlawful advance fees, in \$650 monthly installments, falsely promising expert legal assistance and touting a 98-100 percent success record. They also allegedly misrepresented they would cut homeowners’ interest rates in half and reduce their monthly mortgage payments by hundreds of dol-

lars. In another case, three Helping America Group marketers who allegedly sold phony debt relief services, including fake loans, agreed to be banned from selling debt relief, credit repair and financial products and services, to be banned from telemarketing, and to turn over assets worth approximately \$35 million dollars, under settlements with the FTC and the State of Florida. In a separate action, the FTC charged Capital Home Advocacy Center, a mortgage relief operation, with deceiving distressed homeowners by falsely promising to make their mortgages more affordable and prevent foreclosure. At the FTC's request, a federal court temporarily halted the scheme and froze the defendants' assets.

- **Student Loan Debt Relief:** The operators of Strategic Student Solutions, an unlawful debt relief and credit repair operation, agreed to settle FTC allegations they bilked millions of dollars from consumers by falsely promising to reduce or eliminate their student loan debt and offering them non-existent credit repair services. The settlement requires the defendants to turn over assets worth more than \$4 million. Separately, the FTC charged American Financial Benefits Center, a student loan debt relief operation, with bilking more than \$28 million from thousands of consumers throughout the country by falsely promising that consumers' monthly payments would go towards paying off their student loans. In the Student Debt Relief Group case, operators of a Los Angeles-based student loan debt relief scam agreed to settle FTC charges that they falsely claimed to be affiliated with the U.S. Department of Education, charged consumers illegal upfront fees, and collected monthly fees they falsely claimed would be credited toward consumers' student loans. The settlement requires the defendants to turn over more than \$2.3 million in assets, and imposes a permanent ban on engaging in any type of debt relief activities and from making misrepresentations or unsubstantiated claims related to financial or any other products or services. They also are prohibited from engaging in illegal telemarketing practices. In the Student Aid Center case, the FTC prevailed on summary judgment against one defendant and obtained default judgments against two others, obtaining orders imposing monetary judgments of \$35.3 million. The court found that defendants' unlawful student loan debt relief enterprise took more than \$35 million from student loan borrowers by enticing consumers to sign up for services using misleading and false claims. In particular, Student Aid Center misled consumers to believe that they could receive loan forgiveness or modification if they paid unlawful upfront fees, and tricked consumers into thinking the operation was involved in the approval process.

Alliance Document Preparation, the operators of a student loan debt relief scam, [agreed to settle FTC charges](#) they bilked millions of dollars from consumers by falsely claiming to enroll consumers in loan forgiveness programs, for which they charged up to \$1,000 in illegal upfront fees. The proposed and final orders include a total of over \$19 million in monetary judgments, all of which are partially suspended. The defendants' combined unsuspended payments total over \$5 million, which will be made available for consumer redress.

- **Deceptive and Abusive Debt Collection Practices:** Under settlements with the FTC and the Illinois Attorney General, the operators of a Chicago-area fake debt collection scheme, Stark Law, agreed to surrender assets totaling at least \$9 million. The settlements also ban them from the debt collection business and from selling debt portfolios. In another action, the FTC and the New York Attorney General's Office charged debt broker Hylan Asset Management LLC and its owner, Andrew Shaevel, with running a scheme to collect money from consumers on fake and unauthorized debts. The complaint alleges that Hylan was aware the debt was fabricated. Much of it was purchased from Hirsch Mohindra, a defendant in the Stark Law case. Mohindra had bought the debt from Joel Tucker, a defendant in another FTC action who was banned from handling sensitive financial information about consumer debts.

The FTC alleged that Hardco Holding Group defendants posed as lawyers and falsely threatened to sue people or have them arrested for failing to pay on debts they did not owe. Three of the defendants agreed to a settlement order banning them from the debt collection business and imposing a \$702,059 judgment that will be partially suspended upon the surrender of certain assets. The court entered a default judgment against the fourth defendant, Dequan M. Sicard, imposing a \$702,059 judgment and banning him from the debt collection business. In another action, the operators of a deceptive and abusive debt collection scheme, 4 Star Resolution, LLC, are banned from the debt collection business and from buying or selling debt under settlements with the FTC and the New York Attorney General's Office. The FTC alleged the defendants used threats and abusive language, including false threats that consumers would be arrested or sued, to collect purported debts. One order imposes a \$30 million judgment, and the second order imposes a \$18.8 million judgment. Both judgments will be partially suspended upon the surrender of certain assets that include more than \$1 million in corporate and individual assets frozen by the court. Separately, the FTC charged a Georgia-based debt collection business with tricking people into paying money for debts they did not owe. Since January 2015, Advanced Mediation Group has allegedly used these tactics to collect more than \$3.4 million from consumer victims.

- **Deceptive Consumer Loans:** The FTC charged the LendingClub Corporation with falsely promising consumers they would receive a loan with "no hidden fees" when, in actuality, the company deducted hundreds or even thousands of dollars in hidden up-front fees from the loans.
- **Income Falsification:** The FTC charged [Tate's Auto Center](#), a group of four auto dealers operating in Arizona and New Mexico, near the border of the Navajo Nation, with a range of illegal activities, including falsifying consumers' income and down payment information on vehicle financing applications and misrepresenting important financial terms in vehicle advertisements. This is the FTC's first action alleging income falsification by auto dealers.
- **Credit Card Interest-Rate Reduction Scam:** The FTC charged Higher Goals Marketing with allegedly engaging in a telemarketing scheme that has deceived

financially distressed consumers nationwide by pitching bogus credit-card interest-rate-reduction services. The FTC alleges that the individuals charged in the case previously worked for a nearly identical telemarketing operation, Life Management Services, shut down by court order in 2016.

- **Timeshare Reselling Scheme:** J. William Enterprises, LLC, the Florida-based operators behind a deceptive timeshare resale scheme, agreed to surrender approximately \$3.4 million worth of assets including homes, vehicles, a Rolex watch, silver coins, and a diamond ring to settle the FTC's charges against them. According to the FTC, the defendants charged property owners up to \$2,500 in advance, but failed to deliver on promises that they would sell or rent their properties.
- **Cryptocurrency Scams:** Cryptocurrencies are digital assets that use cryptography to secure or verify transactions. They are not created by a government or central bank, but they can be exchanged for U.S. dollars or other government-backed currencies. As consumer interest in cryptocurrencies has grown, so has interest from scammers. Scams involving cryptocurrencies include deceptive investment and business opportunities, bait-and-switch schemes, and deceptively marketed "mining" machines.

A federal court halted the activities of four individuals who allegedly promoted deceptive money-making schemes involving cryptocurrencies. These schemes falsely promised that participants could earn large returns by paying cryptocurrency such as Bitcoin or Litecoin to enroll in the schemes. The defendants claimed that Bitcoin Funding Team could turn a payment equivalent to just over \$100 into \$80,000 in monthly income. The FTC alleges, however, that the structure of the schemes ensured that few would benefit. In fact, the majority of participants would fail to recoup their initial investments.

The FTC hosted a "Decrypting Cryptocurrency Scams" workshop in Chicago to examine scams involving cryptocurrencies. The workshop brought together consumer groups, law enforcement, research organizations, and the private sector to explore how scammers are exploiting public interest in cryptocurrencies such as Bitcoin and Litecoin and to discuss ways to empower and protect consumers.

Protecting Small Businesses, Seniors, Veterans, and Servicemembers

- **Scams Targeting Small Businesses:** The FTC, jointly with the offices of the New York Division of the U.S. Postal Inspection Service, two U.S. Attorneys' Offices, eight state Attorneys General, and the Better Business Bureau (BBB), announced the results of Operation Main Street: Stopping Small Business Scams, a law enforcement initiative targeting operations seeking to defraud small businesses, and an education outreach effort to help small businesses protect themselves from fraud. The agencies announced a total of 24 actions involving defendants who allegedly perpetrated scams against small businesses, including one new FTC case, three other FTC actions from the previous six months, two criminal actions announced by U.S. Attorneys' Offices, and 18 actions by state Attorneys General over the past year.

The FTC announced a new case against Premium Business Pages. The FTC charged nine individual and corporate defendants based in Canada and the United States with operating a common enterprise that, since at least 2013, made unsolicited calls to small businesses and other organizations to induce them to pay for unordered Internet directory listings, search engine optimization services or website design and hosting services.

The FTC also announced three recent FTC enforcement actions that are part of Operation Main Street. The FTC halted A1 Janitorial Supply, a New York-based office supply scheme that allegedly charged small businesses and non-profit organizations millions of dollars for “free” samples of cleaning and other products. Separately, DOT Authority, operators of a registration service for motor carriers, settled FTC charges that they impersonated, or falsely claimed affiliation with, the U.S. Department of Transportation and other government agencies to get small trucking businesses to pay them for federal and state motor carrier registrations. In connection with the settlement, the defendants agreed to injunctive relief and paid \$900,000, which will be used to fund consumer redress. In another action, the FTC charged PointBreak Media with deceiving small business owners by falsely claiming to represent Google, falsely threatening businesses with removal from Google search results, and falsely promising first-place or first-page placement in Google search results.

The [FTC and the State of Florida charged](#) Thomas Henry Fred, Jr. and Starwood Consulting LLC, also doing business as Corporate Compliance Services, with tricking business owners into buying labor law posters by sending mailers that mimicked invoices from a government agency or authority. The FTC alleged that the defendants, who are not part of, or affiliated with, any government agency or authority, have received more than \$800,000 from more than 9,000 businesses.

- **Small Business Cybersecurity Education Campaign:** The FTC launched a small business cybersecurity education campaign to help small businesses strengthen their cyber defenses and protect sensitive data that they store. The FTC is creating up to a dozen sets of information on issues of importance to small business owners that will include training modules and videos. Potential topics include phishing, ransomware, email authentication, cloud security, tech support scams, vendor security, how to compare offers of web hosting services, understanding the National Institute of Standards and Technology cybersecurity framework, and others. In addition, the FTC will work with other government agencies to help develop more consistent messaging about cybersecurity, and will expand its work with the private and non-profit sectors to help get the materials developed by the FTC to more small businesses.
- **Scams Targeting Older Americans:** The FTC took action against two deceptive schemes that targeted or affected senior citizens with phony sweepstakes offers and bogus computer technical support services that tricked consumers out of tens of millions of dollars. The two cases were brought in conjunction with an enforcement sweep led by the U.S. Department of Justice aimed at stopping illegal

schemes that exploit older Americans. In the first case, the FTC and the State of Missouri charged Next-Gen, Inc., a sweepstakes operation, with bilking tens of millions of dollars from people throughout the United States and other countries. The FTC and the State of Missouri alleged that the defendants, doing business under dozens of different names, sent tens of millions of personalized mailers falsely indicating that the recipient had won or was likely to win a substantial cash prize, as much as \$2 million, in exchange for a fee ranging from \$9 to \$139.99. Since 2013, consumers have lost more than \$110 million to the defendants' scheme. In the second case, the FTC alleged that the Genius Technologies, LLC defendants worked with Indian telemarketers to trick older Americans into buying bogus technical support services. Specifically, the defendants set up business accounts for the telemarketers, collected and deposited consumer payments, and provided a gloss of legitimacy to the scheme. The telemarketers, claiming to be from well-known technology companies, told people that hackers would soon break into their computers and rob their bank accounts, and that they should act right away by purchasing expensive security software. According to the FTC, the telemarketers claimed that the software was affiliated with the U.S. government, but in reality it was worthless or old, and available elsewhere for free or at a much lower cost.

- **Scams Targeting Veterans and Servicemembers:** The FTC, along with law enforcement officials and charity regulators from 70 offices in every state, the District of Columbia, American Samoa, Guam and Puerto Rico, announced more than 100 actions and a consumer education initiative in "[Operation Donate with Honor](#)," a crackdown on fraudulent charities that con consumers by falsely promising their donations will help veterans and servicemembers. As part of the initiative, the FTC announced that Neil G. "Paul" Paulson and Help the Vets (HTV) will be banned from soliciting charitable contributions under settlements with the FTC and the states of Florida, California, Maryland, Minnesota, Ohio and Oregon, for falsely promising donors their contributions would help wounded and disabled veterans. The settlement requires Paulson to pay \$1.75 million and HTV to pay \$72,000. Additionally, the FTC charged Travis Deloy Peterson with using fake veterans' charities and illegal robocalls to get people to donate cars, boats and other things of value, which he then sold for his own benefit. The FTC and its state partners launched an education campaign to help consumers avoid charity scams and donate wisely. The FTC has new educational materials, including a [video](#) on how to research charities, and two new infographics. Donors and business owners can find information to help them donate wisely and make their donations count at [FTC.gov/Charity](#).

Fighting Other Fraud

- **Tech Support Scams:** The court entered a default judgment of \$2.1 million against six of seven named corporate Troth Solutions defendants and dismissed the charges against the seventh corporate defendant at the request of the FTC and the State of Alabama. The FTC and the State of Alabama obtained a settlement with Madhu Sethi and Ila Sethi, who did business as Troth Solutions and allegedly tricked consumers into believing their computers were infected with viruses and

malware, and then charged them hundreds of dollars for unnecessary repairs. The settlement imposes a \$2 million judgment, most of which will be suspended, and permanently bans these defendants from advertising, marketing, promoting or selling any tech support product or service. Separately, Repair All PC, the operators of a computer tech support scam, are permanently banned from the tech support business as part of a settlement to resolve charges by the FTC and the State of Ohio that the defendants tricked consumers into believing their computers were infected with viruses and malware, and then charged them hundreds of dollars for unnecessary repairs. The court also entered a default judgment order imposing similar conduct restrictions and a \$12.4 million monetary judgment against I Fix PC d/b/a Techers247.

- **Business Opportunity Scams: The operators of a work-at-home scheme, Bob Robinson, LLC**, that allegedly lured consumers into buying an online system by falsely promising that they would earn thousands of dollars in their spare time working from home, agreed to a ban from selling business opportunities and business coaching services. They also agreed to a partially suspended judgment of \$35.1 million and to turn over funds and assets valued at approximately \$1.5 million. Separately, Internet Teaching and Training Specialists LLC agreed to settle FTC charges that they deceived consumers in a telemarketing scheme that took millions of dollars from thousands of people who were trying to start home-based Internet businesses. The settlement order bans them from selling business coaching services and business opportunities and imposes a \$10.2 million judgement that will be partially suspended upon payment of \$660,000 and the surrender of certain assets. In another case, a federal court halted Digital Altitude LLC, an operation that allegedly took more than \$14 million from consumers seeking to start their own online businesses. The operation misrepresented that its purported business coaching program would enable consumers to earn substantial income, such as “six figures in 90 days or less.” In a separate action, key players in a work-at-home scheme that, operating as Coaching Department, Apply Knowledge, and other names, allegedly conned millions of dollars from consumers by falsely promising they could earn substantial income by purchasing business coaching services, agreed to a settlement banning them from selling business coaching programs and investment opportunities, and from credit card laundering and telemarketing. The order imposes a \$19.2 million judgment that was partially suspended when the defendants surrendered assets valued at more than \$1 million. In [another action](#), the FTC and the State of Minnesota charged Minnesota-based Sellers Playbook with running a large business opportunity scheme. The FTC and the Minnesota Attorney General’s Office allege that Sellers Playbook lured consumers into buying its expensive “system” by claiming that purchasers were likely to earn thousands of dollars per month selling products on Amazon. The company used false and unsubstantiated claims, such as make “\$20,000 a month” and “Potential Net Profit: \$1,287,463.38.” Few, if any, consumers achieved these results, and most lost money.

Additionally, the FTC charged three individuals and nine businesses with bilking more than \$125 million from thousands of consumers with a fraudulent business education program called MOBE (“My Online Business Education”). According to the FTC, the defendants behind this international operation target U.S. consumers – including service members, veterans, and older adults – through online ads, social media, direct mailers, and live events held throughout the country. In another action, the FTC charged Vision Solution Marketing LLC, a telemarketing operation, with deceptively claiming their business coaching services can help consumers start home-based businesses that earn thousands of dollars a month. The FTC alleges that the defendants charge up to \$13,995 – usually on consumers’ credit cards – for a purported business coaching program that provides information that is largely available for free on the Internet, and thousands of dollars more for other purported business development services.

- **Investment Schemes:** A federal court banned the operators of DiscountMetalBrokers, Inc., a fraudulent investment scheme, from selling investments and ordered them to pay more than \$6.5 million. The FTC alleged that many people lost thousands of dollars to the Discount Gold Brokers scheme, which marketed gold and silver as investments, but often failed to deliver the goods.
- **Get-Rich-Quick Schemes:** Operators of a get-rich-quick scheme agreed to a permanent ban on marketing or selling certain types of software as part of settlements with the FTC over allegations that the defendants deceived consumers by falsely claiming they could earn big money working online by using products marketed as “secret codes.” The defendants, Ronnie Montano, Hyong Su Kim, and Martin Schranz, agreed to a \$7 million judgment that will be suspended upon payment of a total of \$698,500. In another case, the FTC alleged the FBA Stores defendants, who have no affiliation with Amazon.com, falsely claimed their “Amazing Wealth System” would enable consumers to create a profitable online business selling products on Amazon. Buyers, however, did not earn the advertised income. Most of them lost significant amounts of money, and many often experienced problems with their Amazon stores, including suspension and the loss of their ability to sell on Amazon.com. The operators of the scheme agreed to a settlement banning them from marketing and selling business opportunities and business coaching services and to surrender approximately \$10.8 million to the FTC.
- **Invention Promotion Scheme:** Scott Cooper and his companies, World Patent Marketing and Desa Industries, agreed to a settlement with the FTC banning them from the invention promotion business. According to the FTC, consumers paid the defendants thousands of dollars to patent and market their inventions based on bogus “success stories” and testimonials. After stringing consumers along for months or even years, the defendants did not deliver what they promised, and many people ended up in debt or lost their life savings with nothing to show for it. The order imposes a \$26.0 million judgment that will be partially suspended

when \$78,670 in frozen funds is transferred to the FTC and Cooper has paid \$976,330.

- **Unauthorized Billing:** AdoreMe, an online lingerie marketer, agreed to return more than \$1.3 million to customers to settle FTC charges it deceived shoppers who enrolled in a negative-option membership program offering discounts and other benefits, and made it hard for them to cancel their memberships. In a separate action, a federal court halted Triangle Media Corporation, a group of San Diego-based Internet marketers, from deceptively advertising free trial offers and not only charging consumers full price for the trial product, but also enrolling them in expensive, ongoing continuity plans without their knowledge or consent.
- **Multi-Level Marketing Business Guidance:** The FTC released business guidance to help multi-level marketers (MLMs) understand and comply with the law. Although there may be significant differences in how MLMs sell products or services, core consumer protection principles apply to all MLMs. Among other things, the business guidance explains how the FTC distinguishes between MLMs with lawful and unlawful compensation structures, how MLMs with unfair or deceptive compensation structures harm consumers, and how the FTC treats personal or internal consumption by participants in determining if an MLM's compensation structure is unfair or deceptive. It also states that orders against individual MLMs are not binding on the entire industry, but the provisions of these orders may provide useful guidance.

Order Enforcement and Criminal Referrals

The FTC continues to place a priority on aggressively enforcing its orders against repeat offenders and refers matters to criminal authorities as appropriate.

- **Contempt Cases:** A federal district judge issued an order finding several defendants, including repeat offender Jared Wheat, in contempt for violating previous court orders related to the sale of weight-loss dietary supplements. The order imposes a more than \$40 million judgment against the defendants who ran an operation known as Hi-Tech Pharmaceuticals, part or all of which the FTC may use to provide refunds to deceived consumers who bought the products. The sanction is one of the largest the FTC has obtained in a dietary supplement case. In another case, Chemical Free Solutions LLC (CFS), the seller of CedarCide Original, a line of cedar oil-based products deceptively marketed as effective at stopping and preventing bed bug infestations, settled FTC charges that it violated a 2013 order barring it from making scientifically unsupported product claims. Under the modified court order, CFS admits it violated the 2013 order, is banned from selling bed bug eradication products, and will pay \$224,356 for consumer refunds.
- **Administrative Order Enforcement:** Norm Reeves, a Southern California-based auto dealership, agreed to pay \$1.4 million to settle FTC charges that it violated a 2014 administrative order prohibiting it from misrepresenting how much consumers could pay to finance or lease a vehicle. The settlement resolves the FTC's civil penalty complaint that defendants violated the 2014 order by misrepresenting the

total cost of vehicle financing or leases to prospective buyers, or misrepresenting the offer's availability to all consumers. The order also settles Commission charges that the defendants failed to disclose, or did not clearly and conspicuously disclose, credit and lease information required by the Truth in Lending Act (TILA) and the Consumer Leasing Act (CLA) and failed to maintain proper records, in violation of the order.

- **Criminal Referrals:** The FTC continues to refer egregious violators to criminal law enforcement agencies for prosecution. In FY 2018, FTC staff actively worked on 147 new formal requests for cooperation from our criminal law enforcement partners, including 62 federal, 81 state, and four local requests. Prosecutors relied on FTC information and support to charge 28 new defendants and obtain 52 new pleas or convictions. Eighty defendants received prison sentences totaling 388 years, with twelve of these defendants receiving sentences of 10 years or more. Scott Tucker, a defendant in the FTC's AMG Services case, was sentenced to more than 16 years imprisonment for operating a payday lending scheme that deceived consumers and illegally charged them undisclosed and inflated fees, totaling at least \$1.3 billion.

Economic Research and Outreach

In addition to conducting analysis on the economic effects of consumer protection enforcement actions, the FTC conducts research and outreach on the economics of consumer protection more generally. As part of its work to ensure that its analyses are consistent with best practices and current research, the FTC hosted a workshop on Informational Injury in December 2017. The workshop highlighted emerging issues in understanding and quantifying privacy and data security related harm to consumers. In November 2017, the Commission hosted its Tenth Annual Microeconomics Conference, convening researchers, regulators, and others to discuss antitrust and consumer protection policy issues that FTC economists encounter in their work. This conference included discussion of emerging issues in privacy and data security.

International Consumer Protection

Strong cross-border cooperation is critical to effective law enforcement. In FY 2018, the FTC's Office of International Affairs (OIA) assisted with numerous consumer protection investigations, litigation, and enforcement-related projects. OIA also continued to develop strong bilateral relationships with foreign consumer, privacy, and law enforcement authorities around the globe and represented the agency in international organizations and enforcement networks on a range of complex global consumer policy and enforcement issues, including spam, spyware, Internet and telemarketing fraud, identity theft, data security, and privacy.

- The FTC cooperated with a wide range of foreign agencies and multilateral organizations on 43 enforcement-related investigations, cases, and projects. One highlight was the FTC's successful collaboration with the members of the International Mass Marketing Fraud Working Group (IMMFWG), which the FTC co-chairs along with the U.S. Department of Justice and U.K. law enforcement, on a recent

sweep of elder fraud cases involving defendants from around the globe who victimized more than a million Americans, most of whom were elderly. The Attorney General of the United States recognized IMMFWG members for their “exceptional assistance” in combatting these cross-border frauds. As part of that sweep, the FTC worked directly with U.K. and Canadian authorities to halt Next-Gen Inc., a sweepstakes scam.

- In the privacy area, the FTC used key provisions of the SAFE WEB Act to collaborate successfully with the Office of the Privacy Commissioner of Canada in the FTC’s first case involving Internet-connected toys, which alleged that Hong Kong-based electronics toy manufacturer V-Tech violated COPPA.
- The FTC is continuing to combat cross-border harms emanating from jurisdictions such as India, which has been a source of government imposter scams and tech support scams, among other fraudulent telemarketing activity. In addition to filing and coordinating enforcement actions in U.S. courts, the FTC has continued to build the capacity of Indian law enforcement to investigate, arrest, and prosecute the promoters of these scams located in India. A centerpiece of this effort was a two-day conference, organized by the FTC with the U.S.-India Business Council, on “Stepping up to Stop Indian Call Center Fraud.” Participants on the first day included more than 100 federal and foreign enforcers, technology company representatives, academics, and consumer advocates who discussed ways to advance technical defenses, law enforcement, consumer and business education, and international coordination. The following day, law enforcers from around the world met to identify common targets, building on earlier successful lawsuits and prosecutions. The FTC has continued to work closely with foreign law enforcers from Australia, Canada, and the U.K. to plan future law enforcement initiatives on Indian call center fraud.
- The agency also continued to strengthen its ties with international enforcement networks such as the International Consumer Protection and Enforcement Network (ICPEN), the Unsolicited Communications Enforcement Network (UCENet, formerly the London Action Plan), the above-mentioned IMMFWG, and the Global Privacy Enforcement Network (GPEN). This past year, the FTC worked in all of these networks to expand the number of participating authorities and strengthen the use of data (including consumer complaint data) and technology to support the networks’ cross-border enforcement cooperation activities. For example, the FTC expanded international enforcers’ access to consumer complaint data managed by the FTC through the econsumer.gov portal, an ICPEN project. This expanded access will allow foreign counterpart agencies to have a larger evidence base for their investigations and cases, allowing for more cross-border enforcement cooperation.
- In the policy arena, the FTC has continued to work to develop market-oriented policies benefiting U.S. consumers that complement its international enforcement work. In particular, the FTC took a leading role in implementing the 2016 Organisation for Economic Co-operation and Development (OECD) Guidelines on

Consumer Protection in Electronic Commerce. FTC staff has also actively engaged in consumer protection issues related to the Internet Corporation for Assigned Names and Numbers (ICANN), the organization that deals with Internet domain names.

- The FTC continued its work to protect consumer privacy in cross-border data transfer systems, helping to expand the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules and implement the EU-U.S. Privacy Shield Framework (“Privacy Shield”) as well as the Swiss-U.S. Privacy Shield. In particular, the FTC worked with the U.S. Department of Commerce to implement the Privacy Shield, which became operational in August 2016, and participated with EU and U.S. officials in the second annual review of the framework. The agency also continued to work with other agencies in the U.S. government and with our partners in Europe to ensure businesses and consumers can continue to benefit from both of the Privacy Shield programs. Carrying out its enforcement role under these international frameworks, the FTC brought a number of cases in FY 2018.
- During FY 2018, the FTC conducted several technical assistance missions for developing consumer protection and privacy, supported by a mix of funding sources, including in-kind donations from the recipient agencies. The FTC’s programming included regional trainings organized with international and regional organizations such as the United Nations Conference on Trade and Development (UNCTAD) and the Association of Southeast Asian Nations, as well as agencies in Colombia, Egypt, India, the Gambia, Nigeria, the Philippines, and Singapore. These missions provided foreign regulators and law enforcers with information on the FTC’s approach to emerging digital consumer protection issues, as well as practical investigational skills and tools for cross-border cooperation.
- As part of the FTC’s International Fellows program, which provides foreign officials with a first-hand appreciation of FTC practices and approaches, the FTC hosted International Fellows from the European Data Protection Supervisor and Korea to work directly with agency staff on consumer protection and privacy matters.

Law Enforcement Tools

- **Consumer Response Center (CRC):** In FY 2018, the CRC handled more than 40,000 inquiries and complaints from consumers and businesses each week, for a total of 2.1 million complaints and inquiries.
- **Consumer Sentinel Network (CSN):** In FY 2018, more than 8.6 million fraud, identity theft, financial, and Do Not Call complaints were added to the FTC’s CSN database. Approximately 2,600 law enforcement partner agencies worldwide have access to CSN.
- **National Do Not Call Registry:** The Registry has continued to protect consumers from receiving unwanted commercial telemarketing calls. Through the third quarter of FY 2018, the number of telephone numbers on the Registry exceeded 235 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. For example, the FTC staff provided comments to the Consumer Product Safety Commission (CPSC) in response to that agency's Request for Comments on potential safety issues and hazards associated with Internet-connected consumer products. While the CPSC noted that privacy and data security are outside the scope of its inquiry, FTC staff in its comment emphasized that poor security in Internet of Things (IoT) devices might create technology-related hazards associated with the loss of critical safety function, loss of connectivity, or degradation of data integrity.

Maintaining and Promoting Competition

The FTC vigorously enforces the antitrust laws in a range of sectors of critical importance to American consumers, including healthcare, technology, energy, consumer goods and services, and manufacturing. In FY 2018, the agency brought 25 new competition law enforcement actions (22 merger enforcement actions and three anticompetitive conduct challenges), hosted several important workshops, published nine reports, and pursued advocacy opportunities to promote competition and educate stakeholders about its benefits. The FTC also continued to monitor and enforce compliance with consent orders as well as with merger and acquisition reporting obligations under the Hart-Scott-Rodino (HSR) Act. The FTC received notice of over 2,000 acquisitions and brought one order violation action, imposing stricter terms against a firm that failed to meet its obligations under a prior consent order.

Healthcare and Pharmaceuticals

The healthcare and pharmaceutical sectors were again a priority area for competition enforcement. In general, the FTC works to promote competition in healthcare by eliminating impediments to entry by generic drug producers, stopping illegal conduct by providers of healthcare products and services, preventing anticompetitive mergers in the industry, and engaging in competition advocacy.

- **Pharmaceutical and Medical Device Mergers:** During FY 2018, the FTC reviewed numerous proposed and consummated acquisitions in the pharmaceutical and medical device industries and took action to preserve competition that otherwise would have been lost due to these transactions. For example, in December 2017, the Commission issued an administrative complaint challenging Otto Bock's consummated acquisition of Freedom Innovations. According to the complaint, the merger eliminated head-to-head competition between the two top sellers of prosthetic knees equipped with microprocessors, entrenching Otto Bock's position as the dominant supplier in the market. Microprocessor knees are prescribed to patients with above-the-knee amputations who are relatively ambulatory. These complex medical devices reduce the risk of falling, cause less pain, and promote the health and function of the sound limb. This matter is pending in administrative litigation. At the time the administrative complaint was issued, the

Commission also authorized staff to seek a preliminary injunction and ancillary relief in federal district court.

In another matter, Becton, Dickinson and Company and C.R. Bard, Inc. agreed to divest two medical device product lines to settle FTC charges that their proposed \$24 billion merger would negatively impact competition in those markets. According to the complaint, the proposed deal would have combined the top two suppliers in the U.S. markets for tunneled home drainage catheter systems and soft tissue core needle biopsy devices. Under the terms of the order, both product lines were to be divested to Utah-based Merit Medical systems. Both Becton, Dickinson and Bard were required to maintain the assets pending the divestiture, in addition to providing necessary services during the transition.

In a pharmaceutical matter, the Commission issued a consent order to settle charges that Amneal Pharmaceutical's proposed acquisition of an equity share in Impax Laboratories would likely have lessened current and future competition in the markets for ten generic drugs, including those used in the prevention and/or treatment of strokes, seasonal allergies, pain relief, bacterial infections, inflammation and allergic reactions, ADD/ADHD, depression, high cholesterol, and the symptoms of epilepsy. The Commission's order requires the firms to divest all ten products to three Commission-approved buyers.

- **Healthcare Mergers:** The FTC continued to vigorously challenge anticompetitive acquisitions involving healthcare and healthcare-related services. This year, the FTC continued litigating a federal court injunction action challenging a proposed physician group merger in North Dakota. In *FTC v. Sanford Health*, the Commission charged that Sanford Health's proposed acquisition of a rival physician group would reduce competition in the market for the provision of adult primary care physician services, pediatric services, and obstetrics and gynecology services in the Mandan region of North Dakota. In December 2017, the federal court for the District of North Dakota granted the FTC's request for preliminary injunction pending a full administrative hearing on the merits before the FTC's administrative law judge. The merging parties' appeal of the district court's order is pending at the Eighth Circuit. In a second matter, the Commission issued a consent order settling charges that Air Medical Group's proposed acquisition of AMR Holdco would likely lessen competition for inter-facility air ambulance services in Hawaii. Patients depend on these air medical transport services for transfers between medical facilities on Hawaii's different islands when they require medical care that is otherwise unavailable in their local communities. According to the complaint, the proposed merger would have joined the only two providers of air ambulance services in Hawaii, increasing the likelihood that consumers, third-party payers, and government healthcare providers would be forced to pay more for such services. Under the consent order, AMR Holdco agreed to sell its inter-facility air ambulance transport services business and related assets to LifeTeam.

In another healthcare matter, the FTC challenged Grifols S.A.'s proposed acquisition of Biotest US Corporation. In August 2018, the Commission issued a consent

order to settle charges that the deal would have harmed competition in three markets for the collection of human blood plasma: Lincoln, Nebraska; Augusta, Georgia; and Youngstown, Ohio. Under the consent order, Grifols must divest its plasma collection centers in these three cities. According to the complaint, the acquisition also would have harmed competition in the U.S. market for hepatitis B immune globulin (HBIG), a plasma-derived injectable medicine that provides hepatitis B antibodies to prevent hepatitis B infections. The consent order further requires Grifols to provide notice prior to acquiring any ownership interest in or rights relating to the Board of Directors of ADMA Biologics, Inc., a firm owned by Biotest's parent company, and the largest provider of HBIG treatments in the United States.

In addition, in FY 2018 the Commission prevented two anticompetitive healthcare services mergers when the parties abandoned their plans in the face of (non-public) antitrust scrutiny by the Commission.

- **Pharmaceutical Pay-for-Delay Settlements:** The FTC continued to engage in vigorous antitrust enforcement to combat anticompetitive reverse payment patent settlements, also known as “pay-for-delay” tactics, in which a brand name drug company pays a potential generic competitor to delay its entry into the market.

The Commission continued to prosecute its federal district court challenge to an agreement between Solvay Pharmaceuticals and two generic drug manufacturers in which Solvay paid for the delayed release of generic equivalents to its testosterone replacement drug, Androgel. This lawsuit was filed in 2009 and was remanded in 2012 by the U.S. Supreme Court to the district court for further proceedings. This year, the federal district court denied the defendants' motion for summary judgment, and the matter is heading to trial in March 2019.

The Commission successfully concluded several pending federal court reverse-payment settlement cases with broad settlements. Teva, the world's largest generic drug maker, agreed to settle charges against several of its affiliates in three pending cases, which brought to a close the FTC's case involving Lidoderm. In a separate settlement, AbbVie agreed to settle claims against its subsidiary Solvay, which effectively ends the Actavis litigation. In 2009, the Commission charged Solvay Pharmaceuticals and two generic drug manufacturers with an anticompetitive reverse-payment agreement that delayed release of generic equivalents to its testosterone replacement drug, Androgel. After the Supreme Court ruled in *FTC v. Actavis* that such agreements are subject to antitrust scrutiny, the case was remanded for trial; if accepted by the court, the settlement with AbbVie will bring this case to a close. The settlement does not resolve the FTC's separate charges against AbbVie, on appeal before the Third Circuit, involving sham litigation as well as reverse-payment patent settlements.

The Commission continues its administrative challenge against generic firm Impax Laboratories for agreeing to delay generic entry for brand name pain medication Opana ER in exchange for the brand's commitment not to market an authorized generic – often called a no-AG commitment. In May 2018, an administrative

law judge dismissed the FTC's administrative charges against Impax; this matter is pending on appeal to the Commission. After the Supreme Court's decision in *FTC v. Actavis*, the Commission has reported declining numbers of "pay-for-delay" settlements.

- **Dental Supply Agreement not to Discount:** In February 2018, the Commission issued an administrative complaint against the nation's three largest dental supply firms, alleging that the firms illegally conspired to refuse to offer discounts to buying groups representing dental practitioners. According to the complaint, the alleged agreement among suppliers Benco, Henry Schein, and Patterson, which collectively control more than 85 percent of the \$10 billion nationwide dental products and services market, deprived independent dentists of the benefits of group buying for supplies and equipment ranging from gloves and sterilization products to dental chairs and lights. Additionally, the complaint alleged that Benco also violated Section 5 of the FTC Act by inviting a fourth dental supplier to join the collusive agreement. This matter is pending in administrative proceedings.
- **Pharmaceutical Monopolization via Abuse of Government Processes:** The Commission continued to fight attempts by private firms to manipulate regulatory and other government processes to prevent competition. Notably this year, the U.S. District Court for the Eastern District of Pennsylvania granted the Commission's request for permanent injunction in *FTC v. AbbVie*, and awarded \$448 million in equitable monetary relief to consumers harmed by AbbVie, Inc.'s use of baseless "sham" patent infringement lawsuits and reverse payment settlements to delay generic competitors from introducing lower-priced versions of the testosterone replacement drug AndroGel. This win for consumers marks the Commission's first-ever litigated victory on the merits in a sham litigation matter. This matter is pending on appeal.

In February 2017, the Commission issued a complaint in federal district court alleging that Shire ViroPharma Inc. abused government processes to delay generic competition to its branded prescription drug, Vancocin HCl capsules. According to the complaint, ViroPharma knowingly submitted 43 filings and 3 lawsuits in order to prevent the FDA from approving any generic application and thereby delay the entry of generic competitors, which would have lowered prices. In March 2018, the federal district court dismissed the complaint; the Commission has appealed that ruling to the Third Circuit.

- **Therapist Staffing Services:** In July 2018, Your Therapy Source, its owner, and the previous owner of a competing therapist staffing company settled FTC charges that they agreed to reduce pay rates for therapists and invited other competitors to collude on the rates. According to the Commission's complaint, the parties agreed to align their therapist pay rates in an attempt to keep therapists from switching to higher paying staffing companies, in violation of Section 5 of the FTC Act, thereby depriving the therapists of the benefits of competition among the staffing companies. The consent order prohibits the parties from colluding with competitors

on compensation paid to their employees or independent contractors and from entering into or organizing agreements to lower, fix, maintain, or stabilize the compensation that they, or other persons, pay or are willing to pay for therapists, other types of employees, or independent contractors. The order further bars the parties from inviting competitors to enter such agreements or from exchanging information with competitors related to compensation. The Commission has not yet issued final approval of the proposed consent.

Consumer Goods and Professional Services

The Commission continued to take action to preserve competition in the consumer goods and services sector.

- **Cooking Oils:** In March 2018, the Commission authorized staff to seek a preliminary injunction in federal court to prevent J.M Smucker’s \$285 million proposed acquisition of Conagra Brands, Inc.’s Wesson cooking oil brand pending an administrative trial on the merits. According to the Commission’s complaint, the deal would have given Smucker, owner of the Crisco brand, control of at least 70 percent of the market for branded canola and vegetable oils sold to grocery and other retailers. The transaction would have eliminated the vigorous head-to-head competition between the two firms, increasing Smucker’s negotiating leverage with retailers, and leading to higher prices for consumers of these products. In the face of the FTC’s challenge, the parties abandoned their proposed transaction. The Commission subsequently dismissed its complaint.
- **Casino Services:** In September 2018, the Commission issued a consent order resolving charges that Penn National Gaming’s proposed acquisition of rival casino operator Pinnacle Entertainment likely would be anticompetitive. According to the complaint, the deal would have harmed competition in the markets for casino services in metropolitan St. Louis, Missouri; Kansas City, Missouri, and Cincinnati, Ohio. The order requires Penn and Pinnacle to divest Pinnacle’s Ameristar St. Charles property and related assets in St. Louis, Missouri; Pinnacle’s Ameristar Kansas City property and related assets in Kansas City, Missouri; and Pinnacle’s Belterra Park and Belterra Resort properties and related assets in Cincinnati, Ohio in order to maintain competition in these markets. The agreement also requires the royalty-free license to continue use of the “Ameristar” trade name, and requires the parties to provide transitional services to assist the divestiture buyer
- **Foreclosure Notices:** In March 2018, Oregon Lithoprint’s News-Register agreed to settle charges that it violated Section 5 of the FTC Act when it invited competitor The Newberg Graphic to divide the market for placement of foreclosure notices. Public foreclosure notices are required under Oregon state law. According to the complaint, the News-Register developed a market allocation scheme to avoid competition for the mandatory notices by dividing the market based on subscription volumes. Under the terms of the order, Oregon Lithoprint is prohibited from entering, or attempting to enter, any agreement to refuse to publish legal notices

or otherwise allocate customers for the publication of legal notices. The order further prohibits the firm from communicating with competitors about advising customers to place notices based on circulation, or from refusing to publish notices from a competitor's primary distribution area.

- **Contact Lenses:** In FY 2018, the Commission continued its administrative litigation of charges that 1-800 Contacts, the largest online retailer of contact lenses in the United States, entered into unlawful agreements with rival sellers to suppress competition in certain online search advertising auctions and to restrict truthful and non-misleading internet advertising to consumers. The complaint alleged that these agreements unreasonably restrain price competition, constituting an unfair method of competition in violation of Section 5 of the FTC Act. Following a three-week administrative trial, the administrative law judge upheld the complaint, finding that 1-800 Contacts unlawfully orchestrated a web of anticompetitive agreements with rival online sellers of contact lenses. In December 2017, the parties filed an appeal to the Commission. Subsequently, in November 2018, the Commission upheld the initial decision. This matter is currently pending on appeal in the Second Circuit.
- **Technology:** In March 2018, the FTC authorized staff to seek a preliminary injunction in federal court to stop CDK Global's proposed acquisition of Auto/Mate pending an administrative trial on the merits. According to the Commission's administrative complaint, the deal would have reduced competition in the already concentrated U.S. market for specialized software known as Dealer Management Systems. These systems are used by new car dealers to manage all aspects of the automotive sales business, including accounting, payroll, parts and vehicle inventory, service repair scheduling, and vehicle financing. Auto/Mate competed with CDK and other larger competitors in the industry and won business by offering lower prices, flexible contract terms, free software upgrades and training, and high quality customer service—hallmarks of the benefits of vigorous competition in the marketplace. The proposed acquisition likely would have eliminated these important benefits. Facing the Commission's challenge, the parties abandoned their transaction, and the Commission subsequently dismissed its complaint.

The FTC also continues to litigate its charges that Qualcomm Inc. used anticompetitive tactics to maintain its monopoly in the supply of a key semiconductor device used in cell phones and other consumer products. In a complaint filed in federal district court in January 2017, the FTC alleged that Qualcomm violated the antitrust laws by using its dominant position as a supplier of certain baseband processors to impose onerous and anticompetitive supply and licensing terms on cell phone manufacturers and to weaken competitors. The trial on these charges occurred in January 2019. A decision is pending.

The FTC also challenged a merger involving two firms operating websites that advertise senior living facilities. Red Ventures and Bankrate agreed to divest Bankrate's Caring.com business to settle the FTC's charges that their proposed merger would harm competition in the market for paid third-party senior liv-

ing referral services. According to the Commission's complaint, the deal would have combined Caring.com, the second largest provider of such services, with APlaceForMom.com, the largest provider, and eliminated beneficial competition in the market.

- **Defense:** In June 2018, the Commission issued a consent order settling charges that Northrop Grumman's proposed \$7.8 billion acquisition of aerospace and defense contractor Orbital ATK was likely anticompetitive. At issue in this matter were solid rocket motors (SRMs), a critical component in tactical, strategic, and interceptor missile systems. The acquisition joined Northrop Grumman, one of only four companies capable of supplying missile systems to the U.S. government, with Orbital ATK, the premier supplier of SRMs, used to propel missiles toward their intended targets. Under the terms of the order, Northrop Grumman is required to supply SRMs on a non-discriminatory basis to all competitors for missile contracts. Northrop must further firewall any competitively sensitive information it receives from competing missile contractors or SRM suppliers. Additionally, the order grants the U.S. Department of Defense the right to appoint a compliance officer to oversee compliance with the settlement's provisions.

Chemicals and Industrial Goods

The FTC continues to devote significant resources to maintain competition in markets for chemicals and industrial goods. The Commission brought several significant actions in these industries in FY 2018.

- In December 2017, the Commission issued an administrative complaint challenging Tronox Limited's proposed acquisition of Cristal. The merging firms are the two largest suppliers of chloride process titanium dioxide ("TiO₂"), a white pigment used in a wide variety of products including paint, industrial coatings, plastics, and paper. According to the complaint, the deal would have increased the likelihood of coordination among the remaining competitors in the industry, as well as the likelihood that Tronox could exercise market power to reduce future output and increase prices. An administrative hearing on the merits of this matter concluded in June 2018. The Commission subsequently filed a motion for a preliminary injunction in federal court to enjoin the transaction pending the outcome of the administrative proceeding. In September 2018, the district court granted the FTC's request for preliminary injunction, and in December 2018, the ALJ issued an initial decision upholding the Commission's complaint. This matter is pending on appeal in administrative litigation.
- The Commission issued an administrative complaint and authorized staff to seek a preliminary injunction to prevent Wilhelmsen Maritime Service's proposed acquisition of Drew Marine Group. According to the complaint, the deal likely would violate the antitrust laws by significantly reducing competition for marine water treatment chemicals and services needed by global fleets to maintain critical on-board equipment on tankers, container ships, cruise ships, and military vessels, among others. According to the complaint, Wilhelmsen and Drew are

the two largest suppliers of these water treatment chemicals and services in the world. The federal court proceeding in this matter concluded in June 2018. In July 2018, the district court issued an opinion granting the FTC's motion for a preliminary injunction. The parties subsequently abandoned the transaction, and the Commission subsequently dismissed its administrative complaint.

- The FTC issued a consent order requiring fertilizer companies Agrium, Inc. and Potash Corporation to divest two U.S. production facilities to settle charges that their proposed merger would have harmed competition. According to the Commission's complaint, the deal would have lessened competition in the U.S. market for superphosphoric acid (SPA), an agricultural product containing the essential crop nutrient, phosphate, and an input in creating liquid phosphate fertilizers. The complaint further charged that the acquisition would reduce competition in the market for 65-67 concentration nitric acid sold to customers near and east of the parties' nitric acid plants in Ohio. This nitric acid is used in nitrogen-based fertilizers and explosive manufacturing, but also has a variety of industrial applications, including the manufacturing of stainless steel and products used in water treatment. The Commission alleged that the merger as proposed would have eliminated the vigorous competition that existed between the two firms, in part because a functional substitute for the products did not exist and entry was unlikely. The consent order required Agrium to sell its Conda, Idaho, SPA facility to Itafos, and its North Bend, Ohio, nitric acid facility to Trammo.
- The FTC also challenged CRH plc's proposed acquisition of competitor Ash Grove Cement Company, alleging that the transaction would likely harm competition in the markets for portland cement in Montana; the market for sand and gravel in the Omaha, Nebraska/Council Bluffs, Iowa, region; and the market for crushed limestone in the Johnson County, Kansas, region. The order required CRH to divest its cement plant and quarry in Three Forks, Montana; two sand and gravel plants and one sand and gravel pit in Omaha, Nebraska; two limestone quarries and a hot-mix asphalt plant in Olathe, Kansas; and another hot-mix asphalt plant and limestone quarry in Louisburg, Kansas. The purchaser of the cement plant and quarry in Montana also retained the option to use CRH's distribution terminals in Alberta, Canada for purposes of selling cement in Canadian markets.

Energy

The FTC devotes significant resources to investigating competition issues in energy markets, which are also critically important to American consumers. The FTC continues to review proposed acquisitions involving energy products.

- Retail Fueling Stations: In FY 2018, the Commission brought a number of challenges in U.S. markets for retail fueling stations and convenience stores. In November 2017, the FTC issued an order requiring Alimentation Couche-Tard (ACT) to divest three retail fuel stations in Alabama to settle charges that its proposed acquisition of Jet-Pep would likely have been anticompetitive. Retail fuel markets are frequently small and highly localized, making these divestitures

critical to preserving competition in the Breton, Monroeville, and Valley, Alabama communities. Under the terms of the order, ACT was permitted to acquire 120 Jet-Pep fuel outlets.

In a second matter involving ACT, the Commission issued a consent order requiring ACT and its affiliate CrossAmerica Partners to divest 10 fuel stations to settle charges that its acquisition of Holiday would likely have lessened competition in 10 local markets in Minnesota and Wisconsin. Absent the divestitures, consumers likely would have faced higher retail prices in these markets, which include: Aitkin, Hibbing, Minnetonka, Mora, Saint Paul, and Saint Peter, Minnesota; and Hayward, Siren, and Spooner, Wisconsin. The order also requires that ACT maintain the economic viability, marketability, and competitiveness of each of the stations until the completion of the sale.

In another retail fueling station matter, the FTC issued a consent order to preserve competition in 76 local markets in the wake of Seven & i Holdings' (7-Eleven) \$3.3 billion proposed acquisition of 1,100 retail fuel outlets from Sunoco. The transaction as proposed would have created monopolies in 18 of the affected markets, and would have reduced from three to two, and from four to three, the number of competitors in 39 and 19 markets respectively, increasing the likelihood that 7-Eleven could exercise its market power and unilaterally raise prices, or that the remaining competitors could engage in anticompetitive price coordination. Under the terms of the order, 7-Eleven agreed to sell 26 of its retail fuel outlets to Sunoco, while Sunoco was required to retain 33 of the locations included in the proposed acquisition.

- **Ethanol Market Concentration Report:** In November 2017, as required by the Energy Policy Act of 2005, the Commission issued its 13th annual *Federal Trade Commission Report on Ethanol Market Concentration*, addressing the state of ethanol production in the United States.

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 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.

- **Advocacy:** In FY 2018, the FTC filed 16 competition advocacy comments (5 to state legislators, 2 to federal government agencies, 3 to state government agencies and boards, and 6 amicus briefs).

FTC staff built on its multi-year effort to promote expanded scope of practice for non-physician healthcare professionals, particularly with respect to unnecessarily restrictive supervision requirements. Staff filed one comment regarding advanced practice registered nurse-certified nurse practitioners (Pennsylvania).

FTC staff also continued to address occupational licensing issues, including comments addressing the licensure of animal massage therapy (Tennessee), proposed legislation involving occupational licensing reform (Nebraska), and a proposal to facilitate expedited licensure of Canadian dentists (New York).

FTC staff continued to pursue competition advocacy to reduce unnecessary barriers to telehealth services. In particular, FTC staff commented on a U.S. Department of Veterans Affairs' proposed rule (which ultimately was adopted) to expand beneficiaries' access to telehealth, and on proposed legislation that would limit the use of telehealth eye care in Washington. Staff's comments in Washington noted that expanding access to telehealth eye care has the potential to increase the supply of available practitioners, lower costs, and improve access to affordable quality eye care.

FTC staff continued to analyze the competitive effects of state-based certificate of need regulations, filing a comment in Georgia and testifying before the Alaska Senate about how such regulations can limit competition for healthcare services.

Finally, rounding out the healthcare space, the FTC commented on the U.S. Department of Health and Human Services' Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs. The FTC comment focused on two topics in the Blueprint that affect a significant portion of U.S. healthcare expenditures: misuse of Risk Evaluation and Mitigation Strategies (REMS) programs; and biologic competition.

In addition, FTC staff submitted a comment to the Pennsylvania Public Utility Commission supporting the PUC's efforts to preserve the ability of residential and small commercial electricity customers to choose dynamic pricing plans.

The Commission also submitted amicus briefs to the U.S. Supreme Court (*Salt River Project Agricultural Improvement & Power District v. Tesla Energy Operations, Inc.*); the U.S. Court of Appeals for the Ninth Circuit (*Chamber of Commerce v. City of Seattle*) and Federal Circuit (*Intellectual Ventures I LLC v. Capital One Financial Corp.*); the U.S. District Court for the District of New Jersey (*Takeda Pharmaceutical Company Ltd. v. Zydus Pharmaceuticals (USA) Inc.*); and the Supreme Court of Rhode Island (*In re William E. Paplauskas, Jr.*). These briefs addressed issues including the state action doctrine, the Noerr-Pennington doctrine, and occupational licensing.

- **Reports:** During FY 2018, the FTC published reports and issued working papers addressing an array of competition issues. In November 2017, the Commission issued a report analyzing branded drug firms' patent settlements with generic competitors. The report summarized data on patent settlements filed with the FTC and the U.S. Department of Justice during FY 2015, as required under the Medicare Modernization Act of 2003. This was the Commission's second annual snapshot of such deals since *FTC v. Actavis*, in which the U.S. Supreme Court held that a branded drug manufacturer's reverse payment to a generic competitor to

settle patent litigation can violate the antitrust laws. The FY 2018 report found that the number of reverse-payment settlements declined for the second year in a row.

In September 2018, the FTC staff issued a policy paper addressing the competitive issues involved in state-based occupational licensing. The paper, “Policy Perspectives: Options to Enhance Occupational License Portability,” builds on the key points that emerged from a July 2017 Economic Liberty Task Force roundtable regarding the development of effective license portability initiatives. The paper concludes by offering a number of related policy recommendations.

- **Workshops:** During FY 2018, the Commission conducted public workshops and conferences on emerging competition issues. This year, the Commission held five such events, including its Tenth Annual Federal Trade Commission Microeconomics Conference and four workshops. The agency’s Economic Liberty Task Force held two events. The first, “The Effects of Occupational Licensure on Competition, Consumers, and the Workforce: Empirical Research and Results,” examined the current state of economic learning about the costs and benefits of occupational licensing. At the second event, “Voices for Liberty Fireside Chat,” Acting Chairman Maureen K. Ohlhausen hosted four individuals, including three military spouses, to discuss how unnecessary state-based licensing requirements affected their lives and made it more difficult for them to practice their professions when moving among states.

The FTC also held a workshop, “The Contact Lens Rule and the Evolving Contact Lens Marketplace,” which explored issues regarding competition in the contact lens marketplace, consumer access to contact lenses, prescription release and portability, and related subjects. At “What’s New in Residential Real Estate Brokerage Competition,” the FTC and the U.S. Department of Justice held a joint workshop exploring competition issues in the real estate brokerage industry. Finally, the FTC explored prescription drug markets in its November 2017 workshop, “Understanding Competition in Prescription Drug Markets: Entry and Supply Chain Dynamics.”

In June 2018, the FTC announced that it would hold a series of public hearings on competition and consumer protection issues in the 21st century. The multi-day, multi-part hearings, which began at the end of FY 2018 and are continuing in FY 2019, are similar in form and structure to the FTC’s 1995 “Global Competition and Innovation Hearings” under the leadership of then-Chairman Robert Pitofsky. The ongoing hearing initiative is stimulating thoughtful internal and external evaluation of the FTC’s near- and long-term law enforcement and policy agenda. Two hearings were held in September 2018. The first, co-sponsored with Georgetown University Law Center, addressed a broad range of competition and consumer protection topics. The second, held at the FTC, covered the state of U.S. antitrust law generally and monopsony/buyer power issues.

International Antitrust

- In FY 2018, the FTC continued to develop cooperative relationships with foreign antitrust agencies to ensure close collaboration on cross-border cases and convergence toward sound competition policies. For example, the U.S. antitrust agencies engaged on policy issues of common interest and shared merger enforcement techniques and experience with staff from multiple competition agencies, including those from Australia, Brazil, Canada, China, the European Union, Germany, Japan, Korea, Mexico, South Africa, Taiwan, and the United Kingdom. The FTC continued to develop tools, facilitate case cooperation, and engage more frequently in deeper cooperation and coordination on individual matters with foreign counterparts, and is working with several other agencies to develop a multilateral framework on procedures in competition law investigations and enforcement.
- The FTC continued its robust international enforcement cooperation on cases of mutual concern, including anticompetitive conduct and merger cases, with counterpart agencies from Argentina, Australia, Brazil, Canada, Chile, China, Colombia, the European Union, Germany, Italy, Japan, Korea, Mexico, New Zealand, Saudi Arabia, Singapore, South Africa, Taiwan, and the United Kingdom.
- The FTC played important roles in the International Competition Network (ICN) and the competition bodies of the OECD, UNCTAD, and APEC. This provides opportunities to promote convergence toward best practices on substantive analysis and on principles of due process, share insights on law enforcement and policy initiatives, and emphasize good policies and practices regarding consumer welfare-based enforcement, intellectual property rights, the territorial scope of remedies, and procedural fairness. The FTC is a leader in the ICN, a pre-eminent venue for the coordination of international antitrust policy. In FY 2018, the FTC continued to serve on the Steering Group, as well as co-chair the Merger Working Group and the ICN's implementation group to promote use of ICN recommendations. The FTC led projects to develop guiding principles for procedural fairness in competition agency enforcement, recommended practices for merger review, and practical guidance for application of merger investigative techniques and enforcement cooperation, and to produce online training materials to promote sound analytical and procedural practices across all aspects of antitrust enforcement.
- In the OECD, the FTC played a lead role in developing the Competition Committee's long-term projects on competition in the digital economy and market studies, and is working with the OECD's Secretariat to develop work on, among other topics, procedural fairness in competition investigations and enforcement, and the application of competition laws to intellectual property rights.
- The FTC and the U.S. Department of Justice issued revised Antitrust Guidelines for International Enforcement and Cooperation in January 2017, to provide practical guidance on the agencies' international antitrust enforcement policies and related investigative tools. Throughout 2018, the FTC actively sought opportunities to publicize the new guidelines, focusing on the chapter dedicated to interna-

tional cooperation and the standards regarding the agencies' use of extraterritorial remedies.

- The FTC, in collaboration with the Antitrust Division of the U.S. Department of Justice, conducted bilateral high-level and staff dialogues with key counterparts. For example, in 2018, the FTC held high-level bilateral meetings with counterparts from China's antitrust agencies to discuss procedural fairness, interagency cooperation, and the antitrust treatment of the exercise of intellectual property rights.
- The FTC worked with other U.S. government agencies as appropriate to address challenges that are sometimes posed by the enforcement of foreign competition laws that affect U.S. commerce and consumers, and on competition aspects of trade agreements. Thus, the agency was part of the U.S. delegation that negotiated the competition chapter of the United States-Mexico-Canada Agreement, the U.S. team involved in shaping G20 and G7 outcomes on digital economy issues, and the U.S. interagency group that addresses U.S.-China economic and trade issues.
- With the rapid growth in the number of jurisdictions with competition laws, the FTC has expanded its program of technical assistance to help other agencies apply their laws in ways that support competitive markets and compatible analysis and outcomes in cross-border matters. The FTC continued its technical assistance programs with India and the Ukraine by placing resident advisors in their competition agencies, in addition to providing hands-on workshops on investigational skills. The FTC also assisted Vietnamese authorities in drafting implementing regulations for Vietnam's new antitrust law, and conducted 24 competition technical assistance training programs in 17 jurisdictions, including regional programs for Africa, Central America, and Eastern Europe, supported by a mix of funding sources.
- 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. From the program's inception in 2007 through the end of FY 2018, the FTC has hosted 83 international competition colleagues from 31 jurisdictions, including ten officials during FY 2018.

PLANNED ACTIVITIES IN FY 2019 AND BEYOND

Initiative Supporting Both Consumer Protection and Competition Missions

- **Hearings on Competition and Consumer Protection in the 21st Century:** Two events in September 2018 were the first in a series of multi-day, multi-part public hearings examining whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection law, enforcement priorities, and policy. Additional hearings are scheduled through spring 2019. The hearings and the associated public comment process will continue to provide the FTC with a broad and diverse array of viewpoints to stimulate evaluation of the Commission's near- and long-term law enforcement and policy agenda. The hearings may identify areas for improvements to the agency's investigation and law enforcement processes, as well as areas that warrant additional study.

Protecting Consumers

The FTC protects consumers from unfair and deceptive practices in the marketplace. The FTC conducts investigations, sues companies and people that violate the law, develops rules to protect consumers, and educates consumers and businesses about their rights and responsibilities. The agency also collects complaints about a host of consumer issues, including fraud, identity theft, financial matters, and Do Not Call violations. The FTC makes these complaints available to law enforcement agencies worldwide.

Protecting Consumers from Fraud

Fraud affects all consumers, and the FTC will place an increased emphasis on law enforcement efforts to stop scams, focusing on those that cause the most significant consumer harm. The FTC will take enforcement actions to stop imposter scams in which the perpetrators pose as government agents, legitimate technical support companies, family members, or others.

The FTC also will focus on frauds targeting specific populations, including older Americans, military consumers, and small businesses. Con artists continue to target consumers in financial distress. Therefore, the FTC will continue to take enforcement actions to stop deceptive or other unlawful conduct in mortgage assistance relief and debt relief services, payday lending, and debt collection. This deceptive or other unlawful conduct can have severe consequences for consumers who can least afford it.

The FTC is committed to protecting military consumers from scams. The FTC's website [Military.Consumer.gov](https://military.consumer.gov) provides tools to help service members and their families avoid fraud and make informed financial decisions. With deployments and frequent relocations, military families regularly need to rent or buy a new place to live, manage money while on the move, and be vigilant about dealing with businesses in new locales. The FTC will continue to devote resources to conduct outreach to military consumers.

The FTC will continue to offer materials to help businesses avoid becoming victims of fraud via the FTC's Business Center at business.ftc.gov and the agency's small business website at ftc.gov/SmallBusiness.

Protecting Consumers as Technology Evolves

The FTC will continue to focus on identifying consumer protection issues associated with the use of new technology, including a careful consideration of the costs and benefits of practices and the importance of fostering innovation. The FTC also will take enforcement action against deceptive advertisements that appear in new formats and new media (e.g., apps, games, videos, and social networks). In addition, the agency will continue to evaluate consumer protection issues in the mobile marketplace through surveys and workshops. The FTC also will continue its efforts to root out entities responsible for illegal robocalls, enforce its Do Not Call rules, and work with other stakeholders and industry to help develop technology-based solutions. The FTC will continue to conduct research on emerging technologies to assist with enforcement actions, educate consumers, and inform policy.

Protecting Consumer Privacy and Data Security

The FTC will continue to take a leading role in efforts to protect consumers from unfair or deceptive practices related to the privacy and security of their personal information, while preserving the many benefits that technological advances offer. The agency will stop unfair and deceptive consumer privacy and data security practices through law enforcement focused on matters that cause or are likely to cause substantial injury to consumers. It will promote strong and balanced privacy protections through policy initiatives on a range of topics.

The FTC also will participate in interagency groups, promote self-regulatory efforts, 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 to 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 to educate all consumers about how to avoid becoming victims. The FTC will continue to make enhancements to [IdentityTheft.gov](https://www.ftc.gov/identitytheft), the federal government's one-stop resource to help consumers report and recovery from identity theft.

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; claims aimed at baby boomers, seniors, military members, and rural consumers; and claims exploiting emerging health threats. The FTC also will challenge false and unsubstantiated environmental marketing claims.

Ensuring Compliance with FTC Orders

Order enforcement plays an integral part in fulfilling the FTC's consumer protection mission. The agency will continue to place a high priority on enforcing orders against repeat offenders, as well as those who act with them.

Cross-Border Enforcement and Policy Development

The FTC will continue both enforcement against cross-border fraud and policy development efforts in the international arena. Using the tools provided by the U.S. SAFE WEB Act and other mechanisms for cross-border cooperation, including technology-based systems, the FTC will continue to create and sustain international partnerships and networks to pursue matters involving foreign defendants, evidence, and assets and to develop new initiatives with foreign counterparts on consumer fraud. The FTC will continue to explore new ways of using complaint data, including information from [econsumer.gov](https://www.consumer.gov), to target its international efforts and to promote reciprocal enforcement by its foreign partners.

The FTC will continue to promote international development of market-oriented consumer protection policies that effectively address consumer harm. It will continue to highlight the importance of strong enforcement as a key component of consumer protection, including on privacy and data security and messaging abuses such as robo-calls and spam, within the OECD, APEC (including the Electronic Commerce Steering Group), the International Conference of Data Protection and Privacy Commissioners, and other multilateral organizations. In particular, the FTC will continue to participate in the implementation of the OECD's 2016 Guidelines on Consumer Protection in the Context of Electronic Commerce and the revised United Nations Guidelines on Consumer Protection. The FTC will also continue to engage with European privacy and data protection authorities under the EU-U.S. and Swiss-U.S. Privacy Shield frameworks to help businesses comply with data protection requirements when transferring personal data from the European Union and Switzerland to the United States and enforce the agreements in the U.S. in support of transatlantic commerce.

The FTC also will continue to take enforcement actions involving cross-border issues, including by enforcing against companies that make false or deceptive membership claims or fail to abide by commitments under the Privacy Shield frameworks. The FTC will participate actively in enforcement networks such as ICPEN, IMMFWG, GPEN, and UCENet and encourage coordinated enforcement actions that protect U.S. consumers. The FTC will continue to engage in technical assistance and capacity-building activities in jurisdictions such as India with a focus on preventing fraud aimed at American consumers and enhancing enforcement cooperation to combat deceptive schemes.

Maintaining and Promoting Competition

The FTC's competition work is critical to protect and strengthen free and open markets. Robust competition promotes lower prices, higher quality products and services, and greater innovation, all of which benefit consumers and the economy. A vigorous, open, and competitive marketplace provides the incentive and opportunity for new ideas and innovative products and services. The FTC will continue to use all of the tools at its disposal to promote competition and protect consumers from anticompetitive mergers and business practices.

Challenging Anticompetitive Mergers

Identifying anticompetitive mergers remains a top priority of the agency's 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, thereby preventing competitive harm. The FTC also devotes attention to identifying unreported, often consummated, mergers that could harm consumers. Reviewing and challenging anticompetitive mergers will continue to require substantial agency resources. Nonetheless, the FTC will continue its vigorous antitrust enforcement to maintain competition in a broad array of economic sectors of great importance to American consumers, including healthcare, technology, manufacturing, and consumer goods and services.

Promoting Competition in Healthcare and Pharmaceuticals

The rapidly rising cost of healthcare is a matter of concern for consumers, employers, insurers, and the nation as a whole. Health-related products and services account for a significant percentage of gross domestic product, and that share continues to grow each year as healthcare costs continue to rise. The FTC will continue to take action against anticompetitive agreements among healthcare providers and to challenge anticompetitive mergers of hospitals, medical device manufacturers, pharmaceutical companies, and other healthcare providers that contribute to the rising cost of healthcare. The FTC will also continue to advance its healthcare enforcement program by challenging anticompetitive conduct in the pharmaceutical industry that delays the introduction of generic drugs and costs consumers and governments up to billions of dollars annually. The agency also will continue its vigorous advocacy for healthcare competition by advising local, state, and federal entities, upon request, on the competitive implications of pending government actions.

Continuing Emphasis on Technology and Intellectual Property

The FTC continues to promote competition in complex and innovative high-tech markets through its ongoing enforcement, study, and advocacy efforts. Competition in technology sectors can be especially important to ensure that technological advances continue to drive innovation and growth in the economy, introducing more efficient products and processes into the marketplace, increasing quality, and decreasing prices.

This focus on technology markets places increasing demands on the FTC's antitrust enforcement mission in both the merger and nonmerger areas. The FTC is vigilant where a firm may be illegally using a dominant market position to thwart competition in order to raise prices, reduce the quality or choice of goods and services, or reduce innovation; or where groups of competitors take collective action that threatens to increase prices or stifle innovation. The FTC's Bureau of Competition recently **announced** the creation of a Technology Task Force dedicated to monitoring competition in U.S. technology markets, investigating any potential anticompetitive conduct in those markets, and taking enforcement actions when warranted.

Antitrust matters increasingly intersect with intellectual property issues, raising difficult questions about how best to integrate these two bodies of law to further the common goal of promoting innovation.

Preventing Anticompetitive Activity in the Energy Sector

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 that could artificially raise energy costs. Under its Gasoline and Diesel Price Monitoring Project, the FTC will continue 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 detects 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 and encouraging compliance with the antitrust laws. The FTC will look for opportunities to expand the reach of the “Competition Matters” blog by addressing frequently asked questions and issues of importance to consumers and businesses. Moreover, the FTC’s Premerger Notification Office responds to thousands of calls seeking guidance about premerger filing requirements. The FTC will endeavor to give clear guidance to companies about these regulations and ensure that its interpretation comports with congressional intent and sound public policy. FTC staff also provides advisory opinions to businesses that request review of proposed conduct.

Promoting Global Competition

The FTC will continue to develop its cooperative relationships with key international counterpart agencies, and will update and develop additional cooperation tools to ensure sound and consistent enforcement. Additionally, the FTC will continue to work with competition agencies worldwide to promote best practices and to minimize procedural and policy differences. The FTC plays a lead role in pursuing convergence toward best practices through its active participation in international bodies, such as the ICN and OECD, and continues to advocate for, develop, and promote the implementation of international best practices in core substantive and procedural areas, including procedural fairness. The FTC will continue its international competition outreach efforts in order to build cooperative relationships with our counterpart agencies through the International Fellows and Interns program and its technical assistance program. The Commission also will continue to work with other U.S. agencies as appropriate to address global issues of mutual concern, including through competition provisions of trade agreements.

Advocating for Competition before the Courts and Other Government Agencies

The FTC works to minimize government-imposed barriers to a competitive marketplace by responding to policymakers’ inquiries about how to apply sound competition principles as they make decisions affecting consumer welfare. The FTC will continue to speak out and file comments on proposed government action (legislation, regulation, and other rules) affecting competition in a broad range of industries. FTC staff also 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, Ensuring the Effectiveness of FTC Merger Orders, and HSR Compliance

The FTC will continue its compliance program to ensure that consumers receive the full benefits of FTC orders entered to restore or promote competition. The FTC also will continue to enforce compliance with the HSR premerger notification rules, and take appropriate action when firms fail to meet the filing requirements.

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FISCAL YEAR 2018 PERFORMANCE REPORT AND
ANNUAL PERFORMANCE PLAN
FOR FISCAL YEARS 2019 AND 2020



Budgeted Resources by Objective

(\$ in thousands)

Strategic Goal 1: Prevent fraud, deception, and unfair business practices in the marketplace.	FY 2019 FTE	FY 2019 Amount	FY 2020 FTE	FY 2020 Amount
Objective 1.1: Identify and take actions to address deceptive or unfair practices that harm consumers.	510	\$139,979	510	\$143,001
Objective 1.2: Provide the public with knowledge and tools to prevent harm to consumers.	73	20,864	73	21,303
Objective 1.3: Collaborate with domestic and international partners to enhance consumer protection.	29	7,631	29	7,773
Total	612	\$168,474	612	\$172,077

Strategic Goal 2: Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.	FY 2019 FTE	FY 2019 Amount	FY 2020 FTE	FY 2020 Amount
Objective 2.1: Identify and take actions to address anti-competitive mergers and practices that cause harm to consumers.	453	117,861	453	\$120,020
Objective 2.2: Engage in effective research and stakeholder outreach to promote competition, advance its understanding, and create awareness of its benefits to consumers.	53	13,806	53	13,985
Objective 2.3: Collaborate with domestic and international partners to preserve and promote competition.	22	6,176	22	6,218
Total	528	\$137,843	528	\$140,223

FTE by Objective
(\$ in thousands)

Protecting Consumers	Fiscal Year 2019				Fiscal Year 2020			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Privacy and Identity Protection	41	8	3	52	41	8	3	52
Financial Practices	65	7	4	76	65	7	4	76
Marketing Practices	112	5	10	127	112	5	10	127
Advertising Practices	63	5	3	71	63	5	3	71
Enforcement	42	1	1	44	42	1	1	44
Consumer Response and Operations	23	1	-	24	23	1	-	24
Litigation Technology and Analysis	31	1	-	32	31	1	-	32
Consumer and Business Education	-	20	-	20	-	20	-	20
Economic and Consumer Policy Analysis	2	5	1	8	2	5	1	8
Management	13	3	-	16	13	3	-	16
Support	118	17	7	142	118	17	7	142
Total	510	73	29	612	510	73	29	612

Promoting Competition	Fiscal Year 2019				Fiscal Year 2020			
	Objective Number			Total FTE	Objective Number			Total FTE
	1	2	3		1	2	3	
Premerger Notification	15	3	-	18	15	3	-	18
Merger and Joint Venture Enforcement	187	10	5	202	187	10	5	202
Merger and Joint Venture Compliance	9	2	-	11	9	2	-	11
Nonmerger Enforcement	116	6	5	127	116	6	5	127
Nonmerger Compliance	1	-	-	1	1	-	-	1
Antitrust Policy Analysis	3	16	7	26	3	16	7	26
Other Direct	16	4	-	20	16	4	-	20
Support	106	12	5	123	106	12	5	123
Total	453	53	22	528	453	53	22	528

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ABOUT THIS REPORT AND PLAN

The following document is the FTC's combined Annual Performance Report for FY 2018 and Annual Performance Plan for FY 2019-2020. The performance report and the performance plan are structured around three strategic goals and their supporting objectives as established in the FTC Strategic Plan for FY 2018-2022. The FTC's strategic goals, objectives, and performance measures articulate what the agency intends to accomplish to meet its mandated mission (Goals 1 and 2), and to demonstrate the highest standards of stewardship, to support and improve the management functions vital to core mission success (Goal 3).

- **Strategic Goal 1:** Protect consumers from unfair and deceptive practices in the marketplace
- **Strategic Goal 2:** Maintain competition to promote a marketplace free from anti-competitive mergers, business practices, or public policy outcomes
- **Strategic Goal 3:** Advance the FTC's performance through excellence in managing resources, human capital, and information technology

This report also reflects an interim adjustment to the agency's strategic plan. Performance Goal 3.3.4's baseline performance in FY 2018 was established at 100%, and the agency expects to maintain this level of performance. In response, the agency has amended its strategic plan to replace 3.3.4 with two new records management goals (3.3.4 and 3.3.5), which will further the agency's compliance with mandates concerning the preservation and handling of agency records from FY 2019 to 2022.

To see more of the FTC's [performance](#) and [budget](#) documents, please visit the agency's webpages.

Agency and Mission Information

The work of the FTC is critical to protecting and strengthening free and open markets and promoting informed consumer choice, both in the United States and around the world. While the FTC is primarily a law enforcement agency, the FTC also uses a variety of other tools to fulfill its mission, including rulemaking, research, studies on marketplace trends and legal developments, and consumer and business education.

Our Mission

Protecting consumers and competition by preventing anticompetitive, deceptive, and unfair business practices through law enforcement, advocacy, and education without unduly burdening legitimate business activity.

Our Vision

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

Our History and Organization

The FTC is an independent agency that reports to the President and to Congress on its actions. These actions include pursuing vigorous and effective law enforcement; advancing consumers' interests by sharing its expertise with Congress and state legislatures and U.S. and international agencies; developing policy and research tools through hearings, workshops, and conferences; and creating practical and plain-language educational programs and materials for consumers and businesses in a global marketplace with constantly changing technologies.

The FTC has a long tradition of maintaining a competitive marketplace for both consumers and businesses. In 1914, President Woodrow Wilson signed the Federal Trade Commission Act into law, creating the FTC, which then absorbed its predecessor, the Bureau of Corporations, in 1915. 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, Congress passed additional laws giving the agency greater authority over anticompetitive practices.

Recognizing that unfair and deceptive practices can also distort a competitive marketplace and cause harm to consumers, in 1938 Congress amended the FTC Act and granted the FTC authority to stop "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. In total, the Commission has enforcement or administrative responsibilities [under more than 70 laws](#). In addition, the agency maintains a website at www.ftc.gov that provides information for consumers and businesses, as well as online forms to file complaints.

Organizational Structure

The FTC is headed by a Commission, consisting of five members, each of whom is nominated by the President, confirmed by the Senate, and serves a staggered seven-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 accomplishes its mission through three bureaus: the Bureau of Consumer Protection (BCP), the Bureau of Competition (BC), and the Bureau of Economics (BE). Their work is aided by the Office of the General Counsel (OGC), the Office of International Affairs (OIA), the Office of Policy Planning (OPP), the Office of the Secretary (OS), the Office of the Executive Director (OED), the Office of Congressional Relations, the Office of Public Affairs (OPA), the Office of Administrative Law Judges, the Office of Equal Employment and Workplace Inclusion, and the Office of the Inspector General. For more information about the agency's components, visit its organizational structure webpage.

The agency's headquarters are located in Washington, D.C. with seven regional offices across the United States. The agency had 1114 full time equivalent employees at the end of FY 2018. The total new budget authority for FY 2018 was \$306 million.

Verification and Validation of Performance Data

The performance results described in this report enable the FTC to administer its programs, gauge programmatic success, and make adjustments necessary to improve program quality. The Data Quality Appendix provides detailed descriptions and information on data sources, quality, and collection for the FTC's performance measures. 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 facilitates senior management review of the agency's performance information.
- The agency maintains written procedures used to ensure timely reporting of complete, accurate, and reliable results relative to the 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 and updating of performance targets. 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 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 Office of the Chief Information Officer (OCIO). In addition to the general controls the FTC has in place, which ensure only authorized staff can access key systems, each 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 and consistency. In addition to internal monitoring of each system, experts outside of the primary business units (i.e., BC and BCP) routinely monitor the data collection. For example, senior economists from BE review statistical data used by BC to calculate performance results. The Financial Management Office (FMO) is responsible for providing direction and support on data collection methodology and analysis, ensuring that data quality checks are in place, and accurately reporting performance data.

Evidence Building

At the FTC, roles and responsibilities for coordinating agency-wide evaluation functions are shared among senior leaders throughout the agency. Senior leaders are continually engaged in planning for, developing, and enhancing the agency's capacity to conduct evidence-building activities, and to use the resulting body of information to ensure that policies and programs support the agency's mission to protect American consumers and maintain a competitive marketplace. Through the FTC Senior Management Council, senior leadership convenes to discuss data and evidence regarding the FTC's programs, projects, and day-to-day operations.

The OIG has dedicated staff whose sole responsibility is to identify subject programs and activities and to conduct regular audits, evaluations, and reviews. In addition, the FTC's offices and bureaus plan and execute program evaluations of their own work, with varying frequency. For example, staff in BC and BCP, often assisted by FTC economists, typically conduct a program evaluation every few years. OPP conducts a yearly evaluation of the agency's advocacy work. Through the FTC's Enterprise Risk Management (ERM) program, the Internal Controls team evaluates the agency's financial processes. The creation of risk registers, combined with numerous internal control reviews, gives agency leadership a portfolio view of risk to help inform decision-making.

The FTC is making consistent progress in building and using evidence to support decision-making and more effectively target the agency's resources. Most significantly, in September 2018 the FTC initiated a series of public Hearings on Competition and Consumer Protection in the 21st Century, which are ongoing. The 21st Century Hearings are examining whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to competition and consumer protection law, enforcement priorities, and policy. The Hearings and accompanying public comment process have provided opportunities for FTC staff and leadership to listen to outside experts representing a broad and diverse range of viewpoints. Additionally, the Hearings will stimulate thoughtful internal and external evaluation of the FTC's near- and long-term law enforcement and policy agenda.

Other evidence building actions directly aligned to FTC Strategic Goals are described below.

Strategic Goal 1: Protect consumers from unfair and deceptive practices in the marketplace: Customer satisfaction data related to the Consumer Response Center and the FTC's consumer education websites helps us gauge the effectiveness, helpfulness, and usability of these portals. The FTC also relies on consumer complaint data in its decision-making process. An annual report of the top consumer complaints received is used to evaluate whether enforcement activities are tracking the areas of greatest con-

cern and whether new practices or technologies require additional law enforcement. To help ensure that its enforcement, education, and advocacy efforts are well-targeted, BCP works with BE in evaluating economic harm to consumers as cases and programs are developed.

Strategic Goal 2: Maintain competition to promote a marketplace free from anticompetitive mergers, business practices, or public policy outcomes: BC uses market-based evidence when considering whether transactions or conduct could harm competition. Economists from BE are actively engaged in analyzing all facets of matters investigated and litigated by BC, and also conduct research and analyses of competition issues and market trends. OPP and other agency staff collaborate to conduct research and public workshops on new competition-related areas of interest to the Commission. Information collected through this work may impact resource allocation decisions regarding enforcement and advocacy efforts.

Strategic Goal 3: Advance the FTC’s performance through excellence in managing resources, human capital, and information technology: The FTC rigorously reviews its management functions. The FTC regularly evaluates and refines its human capital programs via Office of Personnel Management (OPM) audits and assessments, Equal Employment Opportunity Commission reviews, the Federal Employee Viewpoint Survey, and internal pulse and customer satisfaction surveys. OCIO uses data from the FTC IT Risk Management system, data on information security vulnerabilities, and the results of annual Federal Information Security Modernization Act (FISMA) reviews to make resource allocation and investment decisions. OPA gathers and analyzes web traffic data and social media metrics weekly in order to improve content, strategy, and customer experience. For website redesigns, OPA conducts usability studies.

Finally, offices and bureaus have identified specific learning and evidence building strategies and “next steps” linked to their strategic objectives. These are included within the body of this report.




Enterprise Risk Management



The FTC has implemented an ERM program to assess risks systematically across major program areas. ERM assesses the full spectrum of the agency’s risks related to achieving its strategic objectives as specified in the agency’s Strategic Plan. ERM assessment results provide agency leadership with a portfolio view of risk to help inform decision-making.

The Office of Management and Budget revised Circular A-123 in 2016 to integrate the ERM process with Internal Controls. To support the new requirements, the agency has been systematically identifying risks and highlighting areas for mitigation. For FY 2016, FTC focused on developing an ERM guide and implementation plan. For FY 2017, the agency used the performance goals in the Strategic Plan as a framework to identify,

document, and report risk in the form of a risk portfolio (register). For FY 2018, the FTC standardized risk management and monitoring activities throughout the agency, and also added risk registers to important risk areas such as Privacy Office functions and fraud risk identification and mitigation. For FY 2019, the ERM program will leverage existing registers to enhance evidence-building functions of monitoring activities through data collection and analysis.

Annual Performance Goals: Fiscal Years 2014 to 2020
 For additional performance information, please see the reports available at
<http://www.ftc.gov/about-ftc/performance>.

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Goal 1: Protect consumers from unfair and deceptive practices in the marketplace.								
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.	89.9%	93.8%	91.2%	94.4%	80.0%	89.6%	80.0%	
Performance Goal 1.1.2: Rate of customer satisfaction with the FTC's Consumer Response Center. (A) Website (B) Call Center	(A) 71 (B) 81	(A) 81 (B) 82	(A) 81 (B) 83	(A) 80 (B) 84	(A) 73 (B) 73	(A) 80.3 (B) 85	(A) For the website, meet or exceed average citizen satisfaction rate as published in the ACSI's E-Gov't 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. (New 3 yr. rolling average)	N/A	N/A	\$8.60 in consumer savings per \$1 spent	\$35.00 in consumer savings per \$1 spent	\$6.50 in consumer savings per \$1 spent	\$38.90 in consumer savings per \$1 spent	\$7.00 in consumer savings per \$1 spent	
 Key Performance Goal 1.1.4: Amount of money returned to consumers or forwarded to the U.S. Treasury resulting from FTC enforcement action.	N/A	N/A	\$80.6 million	\$2.67 billion	New Baseline	\$3.22 billion	\$65 million	
Objective 1.2 Provide consumers and businesses with knowledge and tools that provide guidance and prevent harm.								
 Key Performance Goal 1.2.1: Rate of consumer satisfaction with FTC consumer education websites.	79	Data Not Available	76	77	73	77	Meet or exceed average citizen satisfaction rate, as published in the E-Government Satisfaction Index.	
Performance Goal 1.2.2: Number of workshops and conferences the FTC convened that address consumer protection issues.	10	17	12	19	10	11	10	
Performance Goal 1.2.3: Number of consumer protection reports the FTC released.	6	6	8	10	6	18	10	


	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual	FY 2019 Target	FY 2020 Target
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 enhanced consumer protection.	424	435	387	359	375	369	375	
 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.	45	58	53	50	40	43	40	
Performance Goal 1.3.3: Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations.	60	76	66	66	60	64	60	
Performance Goal 1.3.4: Percentage of consumer protection advocacy comments and amicus briefs filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	81.8%	100%	85.7%	*	60.0%	*	60.0%	
Goal 2: Maintain competition to promote a marketplace free from anticompetitive mergers, business practices, or public policy outcomes								
Objective 2.1 Identify and take actions to address anticompetitive mergers and practices.								
 Key Performance Goal 2.1.1: Percentage of full merger and nonmerger investigations in which the FTC takes action to maintain competition.	57.1%	57.7%	54.6%	49.1%	40.0% to 70.0%	67.9%	40.0% to 70.0%	

* Results for Measures 1.3.4 and 2.2.3 were not available at time of publication.

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Performance Goal 2.1.2: Consumer savings through merger actions taken to maintain competition.	\$1.0 billion	\$2.4 billion	\$2.6 billion	\$2.6 billion	\$2.1 billion	\$2.7 billion	\$2.1 billion	
Key Performance Goal 2.1.3: Total consumer savings compared to the amount of FTC resources allocated to the merger program.	\$25.10 in consumer savings per \$1 spent	\$51.30 in consumer savings per \$1 spent	\$46.40 in consumer savings per \$1 spent	\$55.60 in consumer savings per \$1 spent	\$42.00 in consumer savings per \$1 spent	\$50.20 in consumer savings per \$1 spent	\$42.00 in consumer savings per \$1 spent	
Performance Goal 2.1.4: Consumer savings through non-merger actions taken to maintain competition.	\$419 million	\$1.0 billion	\$1.0 billion	\$1.1 billion	\$900 million	\$1.1 billion	\$900 million	
Key Performance Goal 2.1.5: Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.	\$20.30 in consumer savings per \$1 spent	\$48.60 in consumer savings per \$1 spent	\$52.30 in consumer savings per \$1 spent	\$39.60 in consumer savings per \$1 spent	\$40.00 in consumer savings per \$1 spent	\$40.10 in consumer savings per \$1 spent	\$40.00 in consumer savings per \$1 spent	
Objective 2.2 Engage in effective research, advocacy, and stakeholder outreach to promote competition and advance its understanding.								
Performance Goal 2.2.1: Number of workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.	4	4	3	3	4	7	3	
Performance Goal 2.2.2: Number of reports and studies the FTC issued on key competition-related topics.	11	9	9	11	8	9	8	
Performance Goal 2.2.3: Percentage of competition advocacy comments and amicus briefs filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.	93.3%	80.0%	64.7%	*	60.0%	*	60.0%	
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.	100%	100%	100%	96%	95%	98%	95%	

* Results for Measures 1.3.4 and 2.2.3 were not available at time of publication.

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Performance Goal 2.3.2: Number of instances in which the FTC provided policy advice or technical assistance to foreign competition agencies or government.	161	144	171	160	120	151	120	130
Goal 3: Advance the FTC's performance through excellence in managing resources, human capital, and information technology.								
Objective 3.1 Optimize resource management and infrastructure.								
Performance Goal 3.1.1: The extent to which the FTC is prepared to protect people and property and to continue mission essential operations during emergencies. (A) Achieve a favorable COOP rating (B) The number of products and activities related to Physical Security that inform staff and provide opportunities to practice emergency procedures.	(A) 85% (B) N/A	(A) 90% (B) N/A	(A) 90% (B) N/A	(A) 95% (B) N/A	(A) 75% (B) Baseline	(A) 95% (B) 39	(A) 80% (B) 42	(A) 85% (B) 42
Performance Goal 3.1.2: Percentage of survey respondents who are satisfied with the timeliness of administrative operations.	N/A	N/A	N/A	81%	Baseline	82%	75%	
Performance Goal 3.1.3: Achieve a favorable (unmodified) audit opinion from the agency's independent financial statement auditors.	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion on the financial statements	Unmodified opinion	Unmodified opinion on the financial statements	
Performance Goal 3.1.4: Percentage of new entrant, annual, and termination Public Disclosure Reports that are filed within the required timeframe.	N/A	N/A	N/A	N/A	Baseline	98.3%	95.0%	
Performance Goal 3.1.5: Percentage of contract actions awarded within FTC's established Procurement Action Lead Time (PALT).	N/A	N/A	N/A	N/A	Baseline	57.4%	65%	70%
Objective 3.2 Cultivate a high-performing, diverse, and engaged workforce.								
Performance Goal 3.2.1: The extent to which FTC employees consider their agency a best place to work.	N/A	79.2%	81.2%	82.9%	65%	85%	Exceed government-wide average results	

	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Target	FY 2018 Actual	FY 2019 Target	FY 2020 Target
Performance Goal 3.2.2: The extent to which employees believe the FTC encourages an environment that is open, diverse, and inclusive.	68.0%	70.2%	75.0%	77.8%	61.0%	78.0%	Exceed government-wide average results	
 Performance Goal 3.2.3: The extent to which employees believe the FTC cultivates engagement throughout the agency.	N/A	78.5%	81.5%	82.5%	68.0%	83.0%	Exceed government-wide average results	
Performance Goal 3.2.4: The extent to which employees believe FTC management promotes a results-oriented performance culture.	N/A	65.0%	70.4%	72.9%	56.0%	74.0%	Exceed government-wide average results	
Objective 3.3 Optimize technology and information management that supports the FTC mission.								
Performance Goal 3.3.1: Availability of information technology systems.	99.98%	99.82%	99.75%	99.70%	99.50%	99.71%	99.50%	99.60%
Performance Goal 3.3.2: Percentage of IT spend on Provisioned IT Services.	N/A	N/A	N/A	N/A	Baseline	36.6%	37.0%	
Performance Goal 3.3.3: Achieve a favorable FTC Cybersecurity Index score.	N/A	N/A	N/A	N/A	Baseline	3 of 8	6 of 8	
Performance Goal 3.3.4: Percentage of the FTC's paper records held at the Washington National Records Center that are processed and appropriately either (a) destroyed or (b) transferred to the National Archives and Records Administration.	N/A	N/A	N/A	N/A	N/A	N/A	≥ 25% of WNRC holdings processed	≥ 50% of WNRC holdings processed
Performance Goal 3.3.5: Successfully transfer permanent electronic records dated between 2004 and 2016 to NARA in a timely manner.	N/A	N/A	N/A	N/A	N/A	N/A	Transfer permanent electronic records dated 2004-2006	Transfer permanent electronic records dated 2007-2009

Strategic Goal 1: Protect Consumers From Unfair and Deceptive Practices in the Marketplace

The FTC protects consumers from unfair and deceptive acts and practices in the marketplace. The FTC conducts investigations, sues companies and people that violate the law, develops rules to protect consumers, and educates consumers and businesses about their rights and responsibilities. The agency also collects complaints about a host of consumer issues, including fraud, identity theft, financial matters, and Do Not Call violations. The FTC makes these complaints available to law enforcement agencies worldwide.

Because the FTC has jurisdiction over a wide range of consumer protection issues, 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 broad range of stakeholders to understand emerging issues. The FTC also conducts research on a variety of consumer protection topics.

The FTC focuses on investigating and litigating cases that cause or are likely to cause substantial injury to consumers. This includes not only monetary injury, but also, for example, unwarranted health and safety risks. By focusing on practices that are actually harming or likely to harm consumers, the FTC can best leverage its limited resources.

Strategic Objectives

The FTC has established three objectives to guide work in this area:

- **Objective 1.1:** Identify and take actions to address deceptive or unfair practices that harm consumers.
- **Objective 1.2:** Provide consumers and businesses with knowledge and tools that provide guidance and prevent harm.
- **Objective 1.3:** Collaborate with domestic and international partners to enhance consumer protection.

Goal 1 and its supporting Strategic Objectives comprise the first of two Mission Focused components of the FTC's FY 2018 Performance Report and FY 2019-2020 Performance Plan.

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

Goal Leader: Director, Bureau of Consumer Protection (BCP)

Progress Update

The agency continued to focus its resources on areas that cause the greatest harm to consumers. In FY 2018, the agency initiated or obtained settlements in 148 consumer protection enforcement actions. For example, Helping America Group defendants will

turn over assets under settlements with the FTC and State of Florida for allegedly selling phony debt relief services, including fake loans. In a contempt case that included repeat offender Jared Wheat, the court imposed a judgement of more than \$40 million against the Hi-Tech Pharmaceuticals defendants who deceptively marketed dietary supplements using unsubstantiated claims. This is one of the largest sanctions the FTC has ever received in a dietary supplement case. In FY 2018, the FTC filed or obtained settlements in 120 consumer protection matters in district court, reached 28 administrative consent agreements related to consumer protection, and returned more than \$83 million in redress to consumers.

In the area of privacy, the FTC announced the agency's first children's privacy and security case involving connected toys against electronic toy maker VTech. VTech agreed to pay \$650,000 to settle allegations that it violated the Children's Online Privacy Protection Act by collecting personal information from children without providing direct notice and obtaining parental consent, and failing to take reasonable steps to secure the data it collected. The agency also hosted its third PrivacyCon event to continue and expand collaboration among leading privacy and security researchers, academics, industry representatives, consumer advocates, and the government to address the privacy and security implications of emerging technologies.

The FTC launched a small business cybersecurity education campaign to help small businesses strengthen their cyber defenses and protect sensitive data that they store. The FTC is creating training modules, videos, and other information sources on issues of importance to small business owners. The FTC also, jointly with the New York Division of the U.S. Postal Inspection Service, two U.S. Attorneys' Offices, the offices of eight state Attorneys General, and the Better Business Bureau (BBB), announced the results of Operation Main Street: Stopping Small Business Scams, a law enforcement initiative targeting operations seeking to defraud small businesses, and an education outreach effort to help small businesses protect themselves from fraud. The FTC and its partners announced a total of 24 actions involving defendants who allegedly perpetrated scams against small businesses, including one new FTC case, three other FTC actions from the prior six months, two criminal actions announced by U.S. Attorneys' Offices and 18 actions by state AGs over the prior year.

BCP continued to make law enforcement training a priority in FY 2018. The Bureau continued to expand the content on BCP Lit, its widely used internal training and information platform, adding new training videos, legal resources, and investigation and litigation advice. The Bureau provided seminars and lectures on topics including the Consumer Review Fairness Act and telemarketing fraud. BCP also hosted numerous brown bags on litigation topics. The Bureau increased its training for regional attorneys by sending attorneys to Washington, DC for agency deposition training and to top-notch National Institute for Trial Advocacy (NITA) training in their home cities. The Bureau expanded training for attorneys based in headquarters by sending them to litigation training seminars sponsored by the Washington Council of Lawyers. Also, the Bureau approved training for investigators to become qualified as Certified Anti

Money Laundering Specialists and Certified Fraud Examiners. In addition, BCP's Office of Technology Research and Investigation (OTech) worked to keep BCP's staff current and tech-savvy, providing training on topics such as bitcoin tracing, "malvertising" (malicious advertising), and the use of open source resources in investigations. BCP also continued to offer its mentoring program to staff.

Challenges or Barriers

BCP faces resource challenges such as rising costs for expert witness contracts, travel, and litigation support tools. Overcoming these challenges is critical as BCP litigates larger and more complex cases involving traditional frauds, as well as cases in emerging technologies, privacy and data security, and deceptive advertising in new media channels.

Strategies

- The FTC targets its law enforcement efforts to address violations that cause the greatest amount of consumer harm by reviewing complaints, monitoring practices in the marketplace, and evaluating other information. The FTC and its law enforcement partners mine the CSN database to identify trends and targets, as well as to develop cases against existing targets.
- The FTC stops injury through law enforcement that focuses on preventing fraud and harm to consumers, protecting consumer privacy, monitoring national advertising and new technologies, and bringing enforcement actions against entities that violate federal court and administrative orders obtained by the FTC.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Evaluate whether enforcement activities are tracking the areas of greatest concern and whether new practices or technologies require additional law enforcement focus.
- Evaluate the effectiveness of the FTC's enforcement efforts in those areas in which a baseline measure can be determined.
- Continue to evaluate the efficacy of promulgated rules and regulations and other policy documents.

External Factors

- Complaints are an integral component when determining the areas of greatest concern and injury to consumers. The FTC continually works to increase public awareness of the complaint process to encourage consumers to report fraud, identity theft, Do Not Call Registry violations, and other complaints. The agency's ability to identify unlawful practices can be impacted by the number of complaints the agency receives. The volume of consumer complaints about marketplace experiences can influence the identification of law enforcement targets, broader trends, and policy concerns.

- The FTC’s effectiveness in taking action to protect consumers may be affected by Congressional legislation, budgetary constraints, and staffing needs.
- The increasing costs of litigation, including the costs associated with processing and storing increasingly large amounts of electronic data in investigations and cases, may also affect the number of enforcement actions brought.

Performance Measures

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.

The FTC collects complaints about a host of consumer issues, including fraud, identity theft, financial matters, and Do Not Call violations. Complaints are an integral component when determining the areas of greatest concern and injury to consumers. This measure gauges how well the FTC’s consumer protection law enforcement actions target the subject of consumer complaints.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	80%	80%	80%	80%	80%	80%	
Actual	89.9%	93.8%	91.2%	94.4%	89.6%	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 2018, 89.6%, or 43 of 48, of BCP’s law enforcement actions targeted the subject of consumer complaints to the FTC. Because BCP augments identification of targets from its databases with other strategies for generating enforcement leads – such as monitoring compliance with FTC orders, ad monitoring, Internet surfs, mobile application surveys, and direct referrals from government and private sector partners – the results vary from year to year.

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

This goal ensures that the agency’s Consumer Response Center is providing satisfactory service when it responds to consumer calls or complaints. 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. This goal includes two measures; (a) the website meets or exceeds the average citizen satisfaction rate as published in the ASCI’s E-Government Satisfaction Index and (b) the Call Center meets or exceeds standards for call centers developed by the Citizens Service Levels Interagency Committee.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	(a) 74 (b) 74	(a) 72 (b) 72	(a) 73 (b) 73	(a) 73 (b) 73	(a) 73 (b) 73	(a) and (b): Meet or exceed average citizen satisfaction rate, as published in the E-Government Satisfaction Index	
Actual	(a) 71 (b) 81	(a) 81 (b) 82	(a) 81 (b) 83	(a) 80 (b) 84	(a) 80 (b) 85	---	
Status	(a) Not Met (b) Exceeded	(a) Exceeded (b) Exceeded	(a) Exceeded (b) Exceeded	(a) Exceeded (b) Exceeded	(a) Exceeded (b) Exceeded	---	

FY 18 Highlights: The FTC’s Consumer Response Center continues to perform above the private and public industry benchmarks. The FTC Call Center maintained its highest rating since the inception of the program with an overall satisfaction score of 85.

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

This measure tracks the efficiency of the FTC’s consumer protection law enforcement spending. We compare how much money the FTC saves consumers each year through law enforcement to the amount the FTC spends on consumer law enforcement. Consumer savings comprise: (a) the amount of money the FTC returns to consumers; and (b) an estimate of the amount of harm that would have occurred but for the FTC’s law enforcement action. To calculate this latter figure, the FTC assumes that the unlawful conduct would have continued for one year but for our action. The FTC also assumes that the amount of harm that would have occurred in that year is the same as what consumers lost in the past. (Performance Goals 2.1.3 and 2.1.5 are similar measures that track the impact of antitrust law enforcement.)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	\$6.50 in consumer savings per \$1 spent	\$7.00 in consumer savings per \$1 spent	
Actual	N/A	N/A	\$8.60 in consumer savings per \$1 spent*	\$35.00 in consumer savings per \$1 spent*	\$38.90 in consumer savings per \$1 spent	---	
Status	N/A	N/A	N/A	N/A	Exceeded	---	

FY 18 Highlights: The agency saved consumers on average around 39 times the amount of resources devoted to the consumer protection program in the past three years, or an average of \$3.9 billion per year. This is largely attributable to the Volkswagen, Lifelock, and DeVry University cases.

New in FY 2018: While a version of this metric has been reported for several years, beginning in FY 2018 we changed how we calculate this measure. We are now including money returned to consumers directly by the defendants, not just through the FTC. We have also started reporting this measure as a three-year rolling average.

*Prior year data, using the updated calculation method, is included for reference. Data on the amount of money returned to consumers by defendants, however, is not available for FY14 and FY15, which affects the rolling averages reported for FY16 and FY17.

Key Performance Goal 1.1.4: The amount of money returned to consumers or forwarded to the U.S. Treasury resulting from FTC enforcement action.

This goal tracks the FTC’s effectiveness in returning money to consumers who were defrauded and forwarding money to the U.S. Treasury (e.g., if sending money to individuals is impracticable, or if funds were paid as a civil penalty). The FTC targets law enforcement efforts on violations that cause the greatest amount of consumer harm; the amount of money returned to consumers and forwarded to the U.S. Treasury is a useful indicator that the FTC is targeting the right defendants. The number reported is a three- year rolling average (average of the current year and two prior year totals).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	New Baseline	\$65 million	
Actual	N/A	N/A	\$80.6* million	\$2.67* billion	\$3.22 billion	----	
Status	N/A	N/A	N/A	N/A	N/A	----	

FY 18 Highlights: In the last three years, the annual average of the total amount returned to consumers and forwarded to the U.S. Treasury is \$3.22 billion. In FY 2018, the FTC returned \$83.3 million to consumers and forwarded \$8.5 million to the U.S. Treasury. The FTC returned money to consumers in dozens of cases, including AMG, Uber, NetSpend, and Inbound Call Experts. The money returned to the U.S. Treasury included civil penalties obtained in settlements with Norm Reeves and VTech. In addition, in FY 2018, some FTC orders required defendants to self-administer refund programs worth more than \$1.65 billion in refunds to consumers, including Volkswagen, Amazon, and AdoreMe.

New in FY 2018: While a version of this metric has been reported for several years, beginning in FY 2018 we changed how we calculate this measure. We are now including money returned to consumers directly by the defendants, not just through the FTC. We have also started reporting this measure as a three-year rolling average.

*Prior year data, using the updated calculation method, is included for reference. Data on the amount of money returned to consumers by defendants, however, is not available for FY14 and FY15, which affects the rolling averages reported for FY16 and FY17.

Other Indicators

Indicator 1.1.IND.1: Number of complaints collected and entered into the Consumer Sentinel Network (CSN) database.

The agency assimilates a large number of consumer complaints, including complaints about Do Not Call violations. The agency receives 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. (Numbers shown in millions.)

	FY 2016	FY 2017	FY 2018
Actual	8.4	9.7	8.7

Indicator 1.1.IND.2: The percentage of redress cases in which money designated for distribution is mailed to consumers within 6 months.

This indicator ensures 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. If there is a claims process in which consumers must apply for a refund, then dollars are "designated for distribution" after all claims have been reviewed and verified.

	FY 2016	FY 2017	FY 2018
Actual	100%	95.5%	90.9%

Indicator 1.1.IND.3: Number of contributors to the Consumer Sentinel Network (CSN).

CSN allows members to access consumer complaints submitted directly to the FTC, as well as complaints shared by data contributors, including the Consumer Financial Protection Bureau, multiple State Attorneys General, and all North American Better Business Bureaus. By expanding the number of data contributors, the FTC will have better information with which to inform its law enforcement efforts. Sentinel does not include data from commercial data brokers or information resellers.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	42

Objective 1.2: Provide consumers and businesses with knowledge and tools that provide guidance and prevent harm.

Goal Leaders: Director, BCP; Director, Bureau of Economics

Progress Update

Protecting Small Businesses. As a follow-up to a series of roundtables with small businesses, the FTC has developed clear, easy-to-use resources that will inform small businesses about cyber threats and provide tips on how to deal with them. These materials, which are co-branded with the National Institute of Standards and Technology (NIST), the Department of Homeland Security (DHS), and the Small Business Administration (SBA), will enable business owners to better understand cybersecurity and train their employees. Further, as a follow up to the launching of a website, ftc.gov/smallbusiness, the FTC recently developed a new guide, “Scams and Your Small Business,” which describes common scams and the steps businesses can take to avoid them. The FTC is collaborating with the SBA and the Better Business Bureau to distribute the guide to small business owners.

Outreach to Specific Consumer Audiences. The FTC creates tailored messages and materials for diverse audiences and collaborates with partner organizations and agencies to disseminate FTC information to their constituents in those target communities. For example, the FTC has reached older adults through webinars and presentations in collaboration with local government offices on aging, legal services providers, non-profit organizations like AARP, and at the World Elder Abuse Awareness Day Global Summit.

The FTC has reached military service members through social media outreach and media coverage in partner publications like the BBB’s “Trusted” magazine, and continued a years-long collaboration with the Department of Defense Office of Financial Readiness to coordinate national outreach efforts during July’s Military Consumer Month.

Public Hearings. In September 2018, the FTC began its 21st Century Hearings initiative with two sessions, one co-sponsored with and held at the Georgetown University Law Center, and a second held at the FTC’s Constitution Center facilities. The events were the first in a series of hearings examining whether broad-based changes in the economy, evolving business practices, new technologies, or international developments might require adjustments to the Commission’s competition and consumer protection enforcement priorities. The 21st Century Hearings and the associated public comment process will provide the FTC with a broad and diverse array of viewpoints to stimulate evaluation of the Commission’s near- and long-term law enforcement and policy agenda.

Challenges or Barriers

The FTC continues to encounter challenges in meeting the demand for educational materials available in print. The agency works to mitigate these issues through judicious use of funding, publication revisions, streamlining the catalog of printed materials, and emphasizing materials available on the agency’s website.

Strategies

- The FTC focuses consumer and business education efforts on areas where deception, unfair practices, and information gaps cause the greatest injury. The FTC targets particular demographic groups with print and digital messages about marketplace issues that impact their health, safety, and economic well-being, both online and off. The agency also engages in education and outreach initiatives through multimedia and interactive content.
- The FTC creatively uses new technologies and private and public partnerships to reach new and underserved audiences, particularly those who may not seek information directly from the FTC.
- The FTC will continue to educate consumers about how to avoid identity theft and provide information to those who have become victims of identity theft.
- The FTC 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 will provide small businesses with more education resources to help them avoid scams, deal with cyber threats, and understand relevant laws.
- The FTC will continue to focus on target audiences such as older adults and military service members. It will also evaluate possible updates of its materials for children and parents.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- 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, marketing practices, and emerging technologies, and identify strategies or partnerships that will allow the FTC to reach those audiences.
- Evaluate the effectiveness of IdentityTheft.gov, the federal government's one-stop resource to help consumers report and recover from identity theft.

External Factors

- The FTC faces challenges meeting the demand for educational materials available in print and works to mitigate these issues through judicious use of funding, publication revisions, streamlining the catalog of printed materials, and emphasizing the materials available on the website.
- The financial and staffing resources required for consumer and business education, conferences, workshops, and reports may impact the success of this objective. Budgetary limitations and the increasing costs of litigation may require the FTC to devote fewer resources to this objective.

Performance Measures

Key Performance Goal 1.2.1: Rate of consumer satisfaction with FTC consumer education websites

This measure gauges the effectiveness, helpfulness, and usability of the FTC’s consumer education websites. Consumer education serves as the first line of defense against deception and unfair practices. Well-informed consumers are better able to protect themselves from bad actors in the marketplace. This measure includes the customer satisfaction scores for Consumer.ftc.gov and Bulkorder.ftc.gov.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	73	73	73	73	73	Meet or exceed average citizen satisfaction rate, as published in the E-Government Satisfaction Index	
Actual	79	Data Not Available	76	77	77	---	
Status	Exceeded	---	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 2018, the FTC evaluated Bulkorder.ftc.gov and Consumer.ftc.gov to determine the rate of customer satisfaction with FTC consumer education websites. The combined rate of customer satisfaction for bulkorder.ftc.gov and consumer.ftc.gov was 77. The average citizen satisfaction score for participating federal government websites was 73.

Performance Goal 1.2.2: Number of workshops and conferences the FTC convened that address consumer protection issues.

The FTC convenes workshops and conferences through which experts and other experienced and knowledgeable parties discuss cutting-edge consumer protection issues and ways to address those issues. This indicator helps the FTC ensure that enforcement and education efforts are augmented by encouraging discussions among all interested parties through empirical research on novel or challenging consumer protection problems.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	12	12	10	10	10	10	
Actual	10	17	12	19	11	---	
Status	Not Met	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 2018, the FTC convened or co-sponsored 11 workshops and conferences that addressed consumer protection problems. These events brought together approximately 8,187 participants.

Performance Goal 1.2.3: Number of consumer protection reports the FTC released.

FTC staff prepares reports regarding current important topics in consumer protection, and these reports are the basis for this measure. Consumer protection reports provide information to policy makers, both internally and externally, to help them understand important contemporary issues. This measure also ensures that the FTC releases a variety of informative reports to the public that help promote the understanding and awareness of consumer protection issues.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	10	10	8	6	6	10	
Actual	6	6	8	10	18	---	
Status	Not Met	Not Met	Met	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 2018, the FTC published 18 consumer protection-related reports in areas including cigarettes, smokeless tobacco, search engines and native advertising, small business cybersecurity, connected cars, and mobile security. The agency published three annual reports – the Do-Not-Call Registry, the Consumer Sentinel Network Data Book, and the first Office of Claims and Refunds Report.

Other Indicators

Indicator 1.2.IND.1: Number of federal, state, local and international, and private partnerships to maximize the reach of consumer and business education campaigns.

This indicator helps determine the extent to which the FTC’s print education publications reach consumers through federal, state, local, international, and private organizations. Organizations, such as congressional offices, state Attorneys General, small businesses, schools, police departments, and banks, work as partners with the FTC by distributing these materials to their clients and customers. These organizations can order free bulk quantities of education materials via an online order system at Bulkorder.ftc.gov. For a measure of the quantity of publications distributed, see Indicator 1.2.IND.2.

	FY 2016	FY 2017	FY 2018
Target	11,500	12,500	N/A
Actual	14,509	12,944	12,705

Indicator 1.2.IND.2: Number of consumer protection messages accessed (a) in print and (b) digitally.

These indicators gauge the reach of the agency’s education messages for consumers and businesses in print and via the web. The print measure counts the total quantity of publications ordered from Bulkorder.ftc.gov. The digital indicator counts the number of page views of FTC consumer education articles, blog posts and other materials on FTC websites, as well as the page views of FTC business education plain-language guidance articles and blog posts.

	FY 2016	FY 2017	FY 2018
Actual	(a) 15.3 million (b) N/A	(a) 14.5 million (b) N/A	(a) 13.2 million (b) 45.2 million

Indicator 1.2.IND.3: Number of social media followers and email subscribers.

This indicator gauges the extent of consumer and business outreach via social networks and email communications.

	FY 2016	FY 2017	FY 2018
Actual	398,792	481,064	512,545

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

Goal Leaders: Director, BCP; Director, Office of International Affairs (OIA); Director, Office of Policy Planning

Progress Update

In the enforcement area, the FTC worked closely with its federal, state, local, and international partners on numerous investigations, exceeding the targets for collaboration with both domestic and international counterparts to enhance consumer protection. The agency’s collaborative domestic efforts included the MyEx.com case – an enforcement action the FTC brought with State of Nevada, and in which the FTC shared and received information from the Department of Justice (DOJ) and FBI. The FTC also worked closely with its federal, state, and local partners on numerous investigations, including Operation Main Street: Stopping Small Business Scams, the Game of Loans sweep, and the Lenovo case that the FTC brought with 32 state Attorneys General.

The FTC also worked closely with international partners on numerous investigations, and used its information sharing and investigative assistance authority under the U.S. SAFE WEB Act and other cooperation tools in a number of investigations. For example, the FTC worked with the members of the International Mass Marketing Fraud Working Group, which the FTC co-chairs along with DOJ and U.K. law enforcement, providing exceptional assistance in a recent sweep of elder fraud cases involving defendants from around the globe who victimized more than a million Americans, most of whom were elderly. As part of that sweep, the FTC worked directly with U.K. and Canadian author-

ities to halt Next-Gen Inc., a sweepstakes scam. In the privacy area, the FTC used key provisions of the U.S. SAFE WEB Act to collaborate successfully with the Office of the Privacy Commissioner of Canada in the FTC's first case involving internet-connected toys: an enforcement action against V-Tech, a Hong Kong-based electronics toy manufacturer, for violating the Children's Online Privacy Protection Act (COPPA).

The FTC continued its work to protect consumer privacy in cross-border data transfer systems, helping to expand the APEC CBPR and implement the EU-U.S. Privacy Shield. The FTC continued to work with the Department of Commerce to implement the Privacy Shield, which became operational in August 2016, and participated with EU and U.S. officials in the first annual review of the framework. The agency also continued to work with other agencies in the U.S. government and with our partners in Europe to ensure that businesses and consumers can continue to benefit from the Privacy Shield. The FTC also continued to deliver training to new and developing agencies through its technical assistance programming. In particular, the FTC built on its prior work in India to promote enforcement against Indian call center fraud through information sharing, enhanced consumer education, and the development of partnerships with technology companies and payment providers.

Fulfilling its enforcement role for cross-border data transfer frameworks, the FTC entered five new orders with companies that allegedly misrepresented their participation in the EU-U.S. Privacy Shield Framework (and the Swiss-U.S. Privacy Shield Framework). Together with our three initial Privacy Shield actions in 2017, our 39 actions under the predecessor U.S-EU Safe Harbor Framework, and our four actions related to the Asia-Pacific Economic Cooperative's Cross-Border Privacy Rules system, the FTC has brought 51 actions to protect the privacy of cross-border data transfers. The agency also continued to strengthen its ties with international enforcement networks, such as the International Consumer Protection and Enforcement Network (ICPEN), the Unsolicited Communications Enforcement Network (UCENet, formerly the London Action Plan), the International Mass Marketing Fraud Working Group (IMMFWG), and the Global Privacy Enforcement Network (GPEN). This past year, the FTC worked in all of these networks to expand the number of participating authorities and strengthen the use of data (including consumer complaint data) and technology to support the networks' cross-border enforcement cooperation activities. For example, the FTC expanded international enforcers' access to consumer complaint data managed by the FTC through the econsumer.gov portal, an ICPEN project. This expanded access will allow foreign counterpart agencies to have a larger evidence base for their investigations and cases, allowing for more cross-border enforcement cooperation.

In the policy arena, the FTC has continued to work to develop market-oriented policies benefiting U.S. consumers to complement its international enforcement work. The FTC has taken a leading role in developing international best practices to protect consumers in the digital economy by helping to shape implementation of the principles in the Organization for Economic Cooperation and Development's 2016 Recommendation on Consumer Protection in E-commerce.

- The FTC pursues the development of international consumer protection enforcement models or approaches that focus on protecting consumers while maximizing consumer choice and economic benefit.
- The FTC provides technical assistance to countries establishing consumer protection regimes, as well as providing selected foreign officials with an opportunity to work alongside FTC attorneys, investigators, and economists to learn about the FTC's approach to consumer protection enforcement and to promote further cooperation between the countries.
- The FTC actively participates in numerous multinational organizations that engage in enforcement cooperation activities against mass-marketing fraud.
- The FTC provides policy advice to foreign consumer protection agencies through substantive consultations and written comments.
- The FTC targets advocacy activities to encourage federal regulators to ensure proper consumer protections are in place. The FTC's amicus curiae briefs seek to ensure consistent interpretation of the consumer protection statutes in the courts.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Work with international partners to strengthen cooperation among enforcement partners, bilaterally and through multilateral organizations such as the ICPEN, UCENet, and the IMMFWG, including through new and expanded initiatives with foreign criminal authorities and private sector partners, particularly in countries that are increasingly the source of fraud directed at American consumers.
- Use U.S. SAFE WEB Act authority and new technological tools to expand cooperation and information sharing with counterpart agencies. Seek Congressional support to preserve this important authority before the Act sunsets in 2020.
- Continue to engage through the OECD to continue to implement the 2016 OECD Guidelines on Consumer Protection in Electronic Commerce and conduct related work on consumer trust and decision-making in ecommerce and technology-driven markets and the economics of consumer protection.
- Further develop empirical evidence on effects of new technologies and business models on consumer behavior.
- Engage with the Intergovernmental Group of Experts on Consumer Protection at UNCTAD to develop and implement best practices under the revised UN Guidelines on Consumer Protection and develop new opportunities for capacity building and technical cooperation with developing agencies.
- Continue to effectuate the FTC's enforcement-related commitments under the EU-U.S. Privacy Shield (and Swiss-U.S. Privacy Shield) and work closely through the GPEN and directly with foreign data protection authorities to provide enforcement assistance, which, in appropriate cases, could include information sharing and investigative assistance pursuant to the U.S. SAFE WEB Act.

- Engage in enforcement cooperation pursuant to the APEC CBPR and work to expand membership in the CBPR system.
- Continue to build and expand a robust international consumer protection and privacy technical assistance program for newer consumer protection and privacy agencies, especially in Latin America, Southeast Asia, and Africa. Engage in targeted, multi-stakeholder approaches to enforcement capacity building in India focusing on India-based call center fraud.
- Further develop the International Fellows and staff exchange programs.
- File comments or otherwise engage in advocacy with local, state, federal, and foreign government entities that evaluate the costs and benefits of proposed policies on consumers and an awareness of the intersection of competition and consumer protection concerns.
- File amicus briefs with federal courts, when possible, to address issues affecting consumer protection.
- Evaluate whether the advice and comments (e.g., advocacy filings, amicus briefs, etc.) that the FTC provides to local, state, and federal government entities on consumer protection policies have been considered and adopted.

External Factors

- When matters involve international targets, evidence, or assets, the FTC has limited control over a number of factors, including the extent to which foreign governments will provide information or cooperate with us on law enforcement matters. New data protection rules in Europe may present some information sharing challenges. In addition, foreign legal rules often prohibit or limit foreign courts from recognizing or enforcing FTC judgments and orders, including asset preservation or collection orders.
- The FTC uses its U.S. SAFE WEB Act authority to expand its international enforcement efforts and continues its outreach efforts to foreign governments to increase cooperation. With the Act due to sunset in 2020, it may be difficult for the agency to put into place new long-term cooperation arrangements due to uncertainty. Accordingly, the FTC will seek Congressional support to preserve this important authority.
- Domestic advocacy, both to federal regulators and the courts, seeks to influence the decisions made by outside parties. Those decision makers often receive pressure from other organizations, who may be making recommendations that are not in line with our own.

Performance Measures

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 enhanced consumer protection.

This goal ensures the FTC is leveraging resources with domestic partners on consumer protection issues to further the goal of protecting consumers from fraud.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	Baseline	375	375	375	375	375	
Actual	424	435	387	359	369	---	
Status	N/A	Exceeded	Exceeded	Not Met	Not Met	---	

FY18 Highlights: Although the FTC shared evidence in 369 matters, the FTC fell short in meeting its target for performance goal 1.3.1. BCP continues to place an emphasis on leveraging resources with domestic partners and encourages staff to work with other U.S. federal, state, and local government agencies to further the goal of protecting consumers from fraud. In FY 2018, BCP shared information with other U.S. federal, state, and local government agencies in 168 investigations or cases. In FY 2018, BCP received information from other U.S. federal, state, and local government agencies in 201 investigations or cases.

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.

The Office of International Affairs (OIA) works to expand cooperation and coordination between the FTC and international consumer protection partners through litigation support, information sharing, and building international consumer protection capacity. This measure counts the number of investigations and cases where information was shared between the FTC and foreign consumer protection agencies.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	40	40	40	40	40	40	
Actual	45	58	53	50	43	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY18 Highlights: In FY 2018, the FTC cooperated in 43 instances on consumer protection and privacy matters to obtain or share evidence or engage in other enforcement cooperation in investigations, cases, and enforcement-related projects. Foreign authorities assisted the FTC in activities such as locating investigative targets and defendants, sharing consumer complaints, obtaining corporate records, and providing other investigative information. The FTC also provided assistance to numerous foreign authorities through various mechanisms using its authority under the U.S. SAFE WEB Act and other cooperation tools to share information and provide investigative assistance using compulsory process. The FTC also cooperated on enforcement matters with international enforcement organizations such as the International Consumer Protection and Enforcement Network, the Global Privacy Enforcement Network, the Unsolicited Communications Enforcement Network, and the International Mass Marketing Fraud Working Group.

Performance Goal 1.3.3: Number of instances of policy advice or technical assistance provided to foreign consumer protection and privacy agencies, directly and through international organizations.

This measure quantifies FTC’s efforts to develop an international environment that promotes consumer protection, privacy, and cybersecurity by assisting developing countries to build strong consumer protection frameworks. These efforts include providing policy advice, direct technical assistance, and professional development opportunities for international partners through the International Fellows program.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	60	60	60	60	60		60
Actual	60	76	66	66	64		-----
Status	Met	Exceeded	Exceeded	Exceeded	Exceeded		----

FY18 Highlights: In FY 2017, the FTC provided policy input to foreign consumer protection and privacy agencies in 64 instances. This included policy advice and technical input on a wide range of consumer and privacy policy issues delivered through seminars, substantive consultations, oral presentations, and written comments. Of the inputs, 12 represent technical assistance missions to new and developing consumer protection and privacy agencies, and two represent International Fellows from Korea and the European Commission, who worked alongside FTC staff in support of the consumer protection mission.

Performance Goal 1.3.4: Percentage of consumer protection advocacy comments and amicus briefs filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.

The FTC’s consumer protection advocacy takes many forms, including advocacy comments, amicus briefs, workshops, reports, and testimony. This measure evaluates the success rate for resolved consumer protection advocacy comments and amicus briefs. While the FTC is primarily a law enforcement agency, advocacy work is a cost-effective way to further the FTC’s consumer protection mission, and allows the FTC to address situations where consumer protection may be affected by the actions of public entities, including regulators and legislators.

To determine whether an advocacy comment or amicus brief is successful, staff waits for the relevant case, legislative process, or agency rulemaking to be fully resolved. Once resolved, the outcome is compared to the policy recommendations within the advocacy comment or the legal arguments set forth in the amicus brief. Advocacies are classified as successful, partially successful, moot, or unsuccessful based on the outcome achieved. We do not attempt to quantify or measure how much effect our advocacy had on the decision. While most advocacies contain either consumer protection recommendations or competition recommendations, a few advocacy comments may have both, and are thus counted in this performance goal as well as Performance Goal 2.2.3.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	55%	55%	55%	60%	60%	60%	
Actual	81.8%	100%	85.7%	*	*	----	
Status	Exceeded	Exceeded	Exceeded	TBD	-----	----	

*Results for this measure were not available at time of publication.

Other Indicator

Indicator 1.3.IND.1: Number of advocacy comments and amicus briefs on consumer protection issues filed with entities, including federal and state legislatures, agencies, and courts.

Whereas Performance Goal 1.3.4 measures the success of our consumer protection advocacy comments and amicus briefs, this indicator reports the quantity of consumer protection advocacy comments and amicus briefs filed each year. While the FTC is primarily a law enforcement agency, advocacy work is a cost-effective way to further the FTC’s consumer protection mission, and allows the FTC to address situations where consumer protection may be affected by the actions of public entities, including regulators and legislators. While most advocacies contain either consumer protection recommendations or competition recommendations, a few advocacy comments may have both, and are then counted in this indicator and Indicator 2.2.IND.1.

	FY 2016	FY 2017	FY 2018
Actual	8	7	4

Strategic Goal 2: Maintain Competition to Promote a Marketplace Free From Anticompetitive Mergers, Business Practices, or Public Policy Outcomes.

Vigorous competition results in lower prices, higher quality goods and services, and innovative and beneficial new products and services. By enforcing the antitrust laws, the FTC helps to ensure that consumers benefit from competition. The FTC's efforts to maintain competition focus primarily on preventing anticompetitive mergers and business practices. The FTC also engages in policy research and development, advocacy, and education to deter anticompetitive practices, reduce compliance costs, and encourage governmental actors at the federal, state, and local levels to evaluate the effects of their policies on competition and consumers. This work is critical to protect and strengthen free and open markets – the cornerstone of a vibrant economy.

Strategic Objectives

The FTC has established three objectives to guide work in this area:

- **Objective 2.1:** Identify and take actions to address anticompetitive mergers and practices.
- **Objective 2.2:** Engage in effective research, advocacy, and stakeholder outreach to promote competition and advance its understanding.
- **Objective 2.3:** Collaborate with domestic and international partners to preserve and promote competition.

Goal 2 and its Strategic Objectives comprise the second of two Mission Focused components of the FTC's FY 2018 Performance Report and the FY 2019-2020 Performance Plan.

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

Goal Leaders: Director, Bureau of Competition (BC); Director, Bureau of Economics (BE)

Progress Update

In FY 2018, the agency concluded 19 matters in which it took action to maintain competition, focusing on markets with the greatest impact on American consumers. This fiscal year saw a continuation of the Commission's rigorous antitrust litigation docket, with three federal court and three administrative adjudicative actions authorized in addition to active litigations filed in prior years. Notably, the Commission litigated its federal court injunction action challenging a proposed physician group merger in North Dakota. In *FTC v. Sanford Health*, the federal district court granted the Commission's request for preliminary injunction pending a full administrative hearing on the merits. The federal court action is ongoing, pending an appeal of the district court decision. The agency also secured its first-ever litigated victory on the merits in a sham litigation matter, when the U.S. District Court for the Eastern District of Pennsylvania granted the Commission's request for permanent injunction in *FTC v. Abbvie*, and awarded \$448 million in equitable monetary relief to consumers harmed by the firm's use of baseless

“sham” patent infringement lawsuits to delay generic drug makers from introducing lower-priced versions of the testosterone replacement drug AndroGel. This case is pending on appeal.

As in past years, the FTC focused on its greatest asset: its staff. First, FTC staff has continued to work diligently to identify and communicate best practices and update procedures to maximize efficiency in our work. The agency also continued its emphasis on employee-led staff development through its Training Council and mentoring programs. This year, BC renewed its focus on leveraging our experiences with that of our sister antitrust enforcement agency, DOJ’s Antitrust Division through joint training sessions involving participation from both agencies. These programs are cost-neutral, improve knowledge transfer on important antitrust issues, and enhance information sharing between agencies with similar missions, thereby supporting the long-term success of the competition mission.

The agency continued to devote resources to identifying opportunities to streamline its investigatory processes and minimize the burden imposed on legitimate business practices. This year, staff devoted significant time to identifying litigation support tools that will enhance staff efficiency and effectiveness in investigations and litigation.

Challenges or Barriers

Resource constraints remain a significant challenge. Development and support of the technological tools necessary to improve processes and streamline operations require significant financial and staff resources. The rising costs of critical expert witness resources and the ongoing challenge of how to efficiently manage document productions of increasing size are two of the foremost barriers. Likewise, increases in caseload continue to put pressure on staffing resources.

The FTC also faces an increasingly challenging landscape in attempting to maintain competition as state and local communities continue to adjust to recent U.S. Supreme Court rulings in *Federal Trade Commission v. Phoebe Putney Health System, Inc.*, and in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*. The challenge requires the FTC to utilize the full range of policy and advocacy tools at its disposal to promote competition, particularly in health care markets.

Strategies

- Investigate potentially anticompetitive mergers and business conduct efficiently using rigorous, economically sound, and fact-based analyses that enhance enforcement outcomes and minimize burdens on business.
- 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.

- Improve compliance with consent decrees and orders and with HSR reporting obligations.
- Provide transparency in the decision-making process through comment periods, press releases, policy guidance, and analyses to aid public comment, and ensure existing guidance is up-to-date.
- Conduct market research, including evaluating the effectiveness of merger and conduct remedies to inform future enforcement efforts.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Work to secure the resources necessary to effectively enforce the antitrust laws to ensure that consumers benefit from the lower prices, higher quality, increased innovation, and expanded choices that competition brings.
- Expand employee development programs to increase the antitrust expertise and investigative, negotiation, and litigation skills of legal staff through continuous learning and retrospective analysis.
- Utilize BC’s Training Council to identify legal staff development opportunities and provide targeted training programs to meet those needs. Focus on enhancing the investigative process using improved technological tools and the identification of “best practices” to streamline and standardize management of investigations and litigation.
- Maintain ongoing assessment of premerger notification filing requirements and screening methods to maximize efficiency and effectiveness with an emphasis on reducing the burden on filing parties and antitrust agencies.

External Factors

- The dynamism of our economic and technological environments plays a direct role in the Commission’s ability to achieve success under this objective. Evolving technologies, automation, and intellectual property issues continue to increase the complexity of antitrust investigations and litigation. This complexity, coupled with fluctuations in merger activity and complaints of potentially harmful business conduct sometimes lead to financial and personnel resource limitations. The Commission will continue its efforts to identify best practices and other investigatory efficiencies to alleviate these potential resource limitations.
- Additionally, the ever-evolving legislative landscape, both with respect to federal and state antitrust enforcement authority, may directly impact the Commission’s ability to challenge anticompetitive mergers and business conduct. The FTC will continue to use its advocacy and educational tools to ensure that the Commission maintains the necessary tools for effective antitrust enforcement.

Performance Measures

Key Performance Goal 2.1.1: Percentage of full merger and nonmerger investigations in which the FTC takes action to maintain competition.

This measure ensures that FTC actions promote vigorous competition by preventing anticompetitive mergers and stopping business practices that restrain competition. This measure reflects actions taken to promote competition, including litigated victories, consent orders, abandoned transactions, or restructured transactions (either through a fix-it-first approach or eliminating the competitive concern) in a significant percentage of full merger and nonmerger investigations.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	40%-60%	40%-60%	40%-60%	40%-60%	40%-70%*	40-70%	
Actual	57.1%	57.7%	54.6%	49.1%	67.9%	---	
Status	Met	Met	Met	Met	---	---	

*The Target value for FY 2018 was misreported as 40%-60% in this table in last year's APP/APR. It was correctly reported as 40%-70% in the summary table in that report. The change in target was intended to start in FY 2018 along with the change in calculation.

FY 18 Highlights: The agency took action to maintain competition in 19 of 28 full merger and nonmerger investigations concluded in FY 2018. The FTC's 19 actions included 13 consent orders, one litigated victory in federal court (*Wilhelmsen/Drew Marine*), two matters in which the parties abandoned their transactions after the Commission authorized staff to challenge the proposed acquisition in federal court or administrative litigation (*CDK/Automate & J.M. Smucker/Conagra*), and three other abandoned transactions.

The agency concluded 17 merger actions in second request or compulsory process investigations in a broad array of industries such as pharmaceuticals and medical devices, healthcare services, industrial goods and chemicals, consumer goods and services, technology, and energy. The agency also concluded two actions against anticompetitive tactics that the agency had reason to believe harmed consumers or competition in the publishing and healthcare industries.

Of the nine full investigations concluded without an action, seven were merger matters, and two were nonmerger matters.

New in FY 2018: Starting in FY 2018, the FTC has adjusted how this measure is calculated. When counting full investigations, only those investigations where a second request, subpoena, or civil investigative demand has been issued are counted. Previously we also included other investigations with more than 150 staff hours spent. This change will slightly reduce the number of full investigations included and will thus shift the percentage result higher. To accommodate this change, the target has been adjusted to 40%-70%. Actual results from FY 2014-2017 are reported based on the previous formula. See the [Data Quality Appendix](#) for more information on how measures are calculated.

Performance Goal 2.1.2: Consumer savings through merger actions taken to maintain competition.

This measure ensures that FTC actions promote vigorous competition by preventing anticompetitive mergers and stopping business practices that restrain competition. This measure reflects actions taken to promote competition, including litigated victories, consent orders, abandoned transactions, or restructured transactions (either through a fix-it-first approach or eliminating the competitive concern) in a significant percentage of full merger and nonmerger investigations.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	\$900 million	\$900 million	\$900 million	\$2.1 billion	\$2.1 billion	\$2.1 billion	
Actual	\$1 billion	\$2.4 billion	\$2.6 billion	\$2.6 billion	\$2.7 billion	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: The FTC saved consumers on average an estimated \$2.7 billion per year through its merger actions to maintain competition in the past five years. This year, merger actions in the defense, consumer goods and services, chemicals, and pharmaceutical industries resulted in considerable consumer savings allowing the agency to continue to meet the target for this performance goal. Significant consumer savings from merger actions in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.

Key Performance Goal 2.1.3: Total consumer savings compared to the amount of FTC resources allocated to the merger program.

This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive mergers compared to the amount spent on the merger program. The amount reported is a five-year “rolling average” (average of the current year and four prior year totals).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	\$26 in consumer savings per \$1 spent*	\$26 in consumer savings per \$1 spent	\$26 in consumer savings per \$1 spent	\$42 in consumer savings per \$1 spent	\$42 in consumer savings per \$1 spent	\$42 in consumer savings per \$1 spent	
Actual	\$25.10 in consumer savings per \$1 spent	\$51.30 in consumer savings per \$1 spent	\$46.40 in consumer savings per \$1 spent	\$55.60 in consumer savings per \$1 spent	50.20 in consumer savings per \$1 spent	---	
Status	Not Met*	Exceeded	Exceeded	Exceeded	Exceeded	---	

*The Target value and Status for FY 2014 was misreported in last year’s APP/APR. It had been correctly reported in previous APP/APRs, and has been corrected here.


FY 18 Highlights: In FY 2018, the FTC saved consumers approximately \$50 for every dollar devoted to its merger program. As mentioned in Performance Goal 2.1.2, merger actions in the defense, consumer goods and services, chemicals, and pharmaceutical industries resulted in considerable consumer savings, which, coupled with relatively consistent resource levels, allowed the agency to continue to meet the target for this performance goal. Significant consumer savings from merger actions in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.

Performance Goal 2.1.4: Consumer savings through nonmerger actions taken to maintain competition.

This measure tracks an estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive business conduct. The number reported is a five-year “rolling average” (average of the current year and four prior year totals).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	\$440 million	\$80 million	\$80 million	\$900 million	\$900 million	\$900 million	
Actual	\$419	\$1 billion	\$1 billion	\$1.1 billion	\$1.1 billion	---	
Status	Not Met	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: From FY 2014 – FY 2018, the FTC saved consumers on average an estimated \$1.1 billion per year through nonmerger actions taken to maintain competition. This year, nonmerger actions in the publishing and healthcare industries contributed to that total, allowing the agency to continue to meet the target for this performance goal. Significant consumer savings from the historic Cephalon investigation in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.

 **Key Performance Goal 2.1.5:** Total consumer savings compared to the amount of FTC resources allocated to the nonmerger program.

This measure tracks the estimated amount of money that the Commission saved consumers by taking action against potentially anticompetitive business conduct compared to the amount spent on the nonmerger program. The amount reported is a five-year “rolling average” (average of the current year and four prior year totals).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	\$18.50 in consumer savings per \$1 spent	\$4 in consumer savings per \$1 spent	\$4 in consumer savings per \$1 spent	\$40 in consumer savings per \$1 spent	\$40 in consumer savings per \$1 spent	\$40 in consumer savings per \$1 spent	
Actual	\$20.30 in consumer savings per \$1 spent	\$48.60 in consumer savings per \$1 spent	\$52.30 in consumer savings per \$1 spent	\$39.60 in consumer savings per \$1 spent	\$40.10 in consumer savings per \$1 spent	---	
Status	Exceeded	Exceeded	Exceeded	Not Met	Exceeded	---	

FY 18 Highlights: In FY 2018, the FTC saved consumers approximately \$40 per dollar devoted to its nonmerger enforcement program. As mentioned under 2.1.4, nonmerger actions in the publishing and healthcare industries contributed to that total, and when coupled with modest reductions in program spending, allowed the agency to again meet the target for this performance goal. Significant consumer savings from the historic Cephalon investigation in FY 2015 will continue to impact this performance goal through FY 2019, and targets have been adjusted accordingly.

Other Indicators

Indicator 2.1.IND.1: Average total sales for the current year plus the previous four fiscal years in the affected markets in which the Commission took merger enforcement action.

This indicator ensures that the Commission's merger actions are guided in part by the size of the relevant product markets involved. It is important that the FTC use its resources in areas where the most positive change can be achieved. The number reported is a five-year "rolling average" (average of the current year and four prior year totals).

	FY 2016	FY 2017	FY 2018
Actual	\$69.8 billion	\$88.3 billion	\$103.4 billion

Indicator 2.1.IND.2: Average total sales for the current year plus the previous four fiscal years in the affected markets in which the Commission took anticompetitive market enforcement action.

This indicator ensures that the FTC's nonmerger actions are, in part, guided by the size of the relevant product markets involved. It is important that the FTC use its resources in areas where the most positive change can be achieved. The amount reported is a five-year "rolling average" (average of the current year and four prior year totals).

	FY 2016	FY 2017	FY 2018
Actual	\$69.8 billion	\$77.1 billion	\$75.5 billion

Objective 2.2: Engage in effective research, advocacy, and stakeholder outreach to promote competition and advance its understanding.

Goal Leaders: Director, BC; General Counsel, Office of the General Counsel; Director, Office of Policy Planning

Progress Update

The FTC continued to organize public conferences to advance the agency's understanding of economic developments and emerging business practices and inform antitrust policy through consideration of diverse perspectives. In FY 2018, the agency hosted six public workshops in broad areas of competition policy. The FTC's Economic Liberty Task Force held a roundtable examining economic evidence regarding the benefits and costs of occupational licensure, as well as a fireside chat with four individuals to discuss how unnecessary licensing requirements have affected their lives. The FTC also held workshops exploring the contact lens and prescription drug marketplaces, and a joint workshop with DOJ regarding competition issues in the real estate brokerage industry. Additionally, the FTC held its Tenth Annual Microeconomics Conference. In September 2018, the FTC initiated its 21st Century Hearings initiative, a series of public hearings

on competition and consumer protection issues; the hearings are ongoing and will continue into this spring.

The FTC continued to respond to requests for comment from local, state, and federal entities to provide policymakers with a framework to analyze the potential competitive implications of pending governmental actions that may have a major impact on consumers. In FY 2018, staff filed 15 advocacy comments to federal and state regulators, individual legislators, and other organizations. These advocacy comments addressed a variety of industries and competition issues, including telehealth, occupational licensing and scope of practice, energy sector transactions, certificates of need for healthcare entities, and the pharmaceutical industry. Staff also submitted amici briefs to the U.S. Supreme Court (*Salt River Project Agricultural Improvement & Power District v. Tesla Energy Operations, Inc.* and *Apple Inc. v. Robert Pepper*); the U.S. Court of Appeals for the Ninth Circuit (*Chamber of Commerce v. City of Seattle*) and Federal Circuit (*Intellectual Ventures I LLC v. Capital One Financial Corp.*); and the U.S. District Court for the District of New Jersey (*Takeda Pharmaceutical Company Ltd. v. Zydus Pharmaceuticals (USA) Inc.*). The FTC ensures that this advocacy is conducted in a manner consistent with Constitutional principles of federalism.

The agency also furthered its efforts to advance public understanding of its competition decisions through the publication of analyses to aid public comment, speaking engagements, and the “Competition Matters” blog, which covers an array of competition policy and practice issues. In addition, the agency issued several reports dealing with competition issues, including an annual report analyzing branded drug firms’ patent settlements with generic competitors. The report summarized data on patent settlements filed with the FTC and DOJ during FY 2015 under the Medicare Modernization Act of 2003. This was the Commission’s second annual snapshot of such deals since *FTC v. Actavis*, in which the U.S. Supreme Court held that a branded drug manufacturer’s reverse payment to a generic competitor to settle patent litigation can violate the antitrust laws. The report found that the number of reverse-payment settlements entered into by pharmaceutical companies declined for the second year in a row.

Challenges or Barriers

The FTC will continue to identify opportunities to advance the public’s and its own understanding of competition issues in a dynamic and increasingly complex marketplace, particularly with respect to health care, technology, and intellectual property. The agency must continue to use its limited resources to expand its advocacy and outreach efforts, but must balance this activity with increased demands from its resource-intensive enforcement efforts. The agency must also expand its use of technology and public interaction to better promote the consumer understanding of the benefits of competition.

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 and the benefits of competition.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Organize and/or participate in public conferences, workshops, and hearings to enhance the FTC's understanding of various practices and developments relevant to competition in the marketplace.
- Continue to make related materials, including transcripts, written submissions, reports, and policy papers accessible to the public.
- Consistent with Constitutional principles of federalism, seek advocacy opportunities at local, state, and federal government levels to encourage adoption of policies that maximize competition, consumer welfare, and economic liberty and adequately consider both the costs and benefits for consumers.
- Review and pursue amicus opportunities in the federal courts in cases that may affect competition and, ultimately, consumer welfare.
- Generate reports, policy papers, working papers, and other public documents that synthesize the results of FTC research and enforcement efforts and, where appropriate, make recommendations regarding actions or policies to promote competition.

External Factors

- Financial and personnel resource limitations, driven primarily by the costs of litigation, may reduce resources available for this objective.
- Domestic advocacy, whether to state legislators or regulators, federal regulators, or the courts, seeks to influence decisions made by outside parties. Those decision makers have ultimate control over the outcome, and thus our success rate. The targets of our advocacies often receive pressure from other organizations, which may be making recommendations that are not in line with our own.

Performance Measures

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

This measure ensures that consumer benefits are enhanced through policy related activities such as workshops, seminars, conferences, and hearings convened or co-sponsored that involve significant competition-related issues.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	4	4	4	4	4	3	
Actual	4	4	3	3	7	---	
Status	Met	Met	Not Met	Not Met	Exceeded	---	

Performance Goal 2.2.2: Number of reports and studies the FTC issued on key competition related topics.

This measure tracks competition policy-related activities such as Commission or staff research, reports, economic or policy papers, and studies, produced after substantive investigation and analysis that enhance the public's knowledge of competition issues and promote the adoption of policies that rely on competition to the extent possible. Also included as part of this measure are reports to other federal agencies that report on the aggregate activities of the FTC.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	8	8	8	8	8	8	
Actual	11	9	9	11	9	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

Performance Goal 2.2.3: Percentage of competition advocacy comments and amicus briefs filed with entities including federal and state legislatures, agencies, or courts that were successful, in whole or in part.

The FTC’s competition advocacy takes many forms – including advocacy comments, amicus briefs, workshops, reports, and testimony. This measure evaluates the success rate for resolved competition advocacy comments and amicus briefs. While the FTC is primarily a law enforcement agency, advocacy work is a cost-effective way to further the FTC’s competition mission, and allows the FTC to address situations where competition may be affected by the actions of public entities, including regulators and legislators.

To determine whether an advocacy comment or amicus brief is successful, staff waits for the relevant case, legislative process, or agency rulemaking to be fully resolved. Once resolved, the outcome is compared to the policy recommendations within the advocacy comment or the legal arguments set forth in the amicus brief. Advocacies are classified as successful, partially successful, moot, or unsuccessful based on the outcome achieved. We do not attempt to quantify or measure how much effect our advocacy had on the decision. While most advocacies contain either consumer protection recommendations or competition recommendations, a few advocacy comments may have both, and are thus counted in this performance goal as well as Performance Goal 1.3.4.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	55%	55%	60%	60%	60%	60%	
Actual	93.3%	80.0%	64.7%	*	*	---	
Status	Exceeded	Exceeded	Exceeded	TBD	---	---	

*Results for this measure were not available at time of publication.

Other Indicator

Indicator 2.2.IND.1: Number of advocacy comments and amicus briefs on competition issues filed with entities, including federal and state legislatures, agencies, and courts

Whereas Performance Goal 2.2.3 measures the success of our competition advocacy comments and amicus briefs, this indicator reports the quantity of competition advocacy comments and amicus briefs filed each year. While the FTC is primarily a law enforcement agency, advocacy work is a cost-effective way to further the FTC’s competition mission, and allows the FTC to address situations where competition may be affected by the actions of public entities, including regulators and legislators. While most advocacies contain either consumer protection recommendations or competition recommendations, a few advocacy comments may have both, and are then counted in this indicator and Indicator 1.3.IND.1.

	FY 2016	FY 2017	FY 2018
Actual	26	16	16

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

Goal Leaders: Director, Office of International Affairs (OIA); Director, BC; Director, BE

Progress Update

To promote and protect free and vigorous competition, the FTC continues to build and strengthen relationships with competition agencies internationally and to work through multilateral fora and with domestic partners to promote convergence toward sound competition enforcement and policy. Progress in FY 2018 included:

- **Improving Case Cooperation and Promoting Convergence:** The U.S. antitrust agencies engaged on policy issues of common interest and shared merger enforcement techniques and experience with staff from multiple competition agencies, including: Australia, Brazil, Canada, China, the European Union, Germany, Japan, Korea, Mexico, South Africa, Taiwan, and the United Kingdom. The FTC continued to develop tools, facilitate case cooperation, and engaged more frequently in deeper cooperation and coordination on individual matters with foreign counterparts. For example, during its review of the Praxair/Linde merger, Commission staff and staff of antitrust agencies of Argentina, Brazil, Canada, Chile, China, Colombia, the European Union, India, Korea, and Mexico worked cooperatively to analyze the proposed transaction and potential remedies. The FTC also hosts “International Fellows” from foreign competition agencies who work directly with FTC staff to gain first-hand appreciation of the practices and approaches that the FTC uses in its enforcement, which they then bring back to their agencies. The FTC hosted 83 competition officials from 31 jurisdictions since the program’s inception in 2007 through the end of FY 2018.
- **International Competition Network (ICN):** The FTC is a leader in the ICN, a pre-eminent venue for the coordination of international antitrust policy. The FTC engages in a number of ways. For example, in FY 2018, the FTC continued to serve on the Steering Group, as well as to co-chair the Merger Working Group and the ICN’s implementation group to promote use of ICN recommendations. The FTC led projects within the ICN to develop guiding principles for procedural fairness in competition agency enforcement, recommended practices for merger review, and practical guidance for application of merger investigative techniques and enforcement cooperation, and also to produce online training materials to promote sound analytical and procedural practices across all aspects of antitrust enforcement.
- **Other Multilateral Fora:** The agency continued its active participation and leadership in the OECD, APEC, UNCTAD, and Inter-American Competition Alliance to promote cooperation and convergence. For example, the FTC played a key role in developing the OECD Competition Committee’s long-term work programs on competition in the digital economy and market studies.

- **Revised Antitrust Guidelines for International Enforcement and Cooperation:** The FTC, together with the U.S. Department of Justice, issued revised international antitrust guidelines in January 2017 to provide practical guidance on the agencies' international antitrust enforcement policies and related investigative tools. Throughout 2018, the FTC took advantage of opportunities to publicize the new guidelines, focusing on the chapter dedicated to international cooperation and the standard that it sets regarding the agencies' use of extraterritorial remedies.
- **State Government Partners:** BC routinely works with state attorneys general (AGs) in its enforcement efforts. State AGs also routinely join as co-plaintiffs in the FTC's federal court litigations.

Challenges or Barriers

The FTC's international competition work is a long-term initiative that can be affected by events and broader interactions between the U.S. and other countries that are outside of the FTC's control.

Strategies

- Work within the U.S. government inter-agency process and with other domestic government entities, including state AGs, 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 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 with emerging 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 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Support BC's enforcement by providing effective assistance with the international aspects of its investigations and litigation.
- Work with state AGs on joint enforcement efforts where the harm may occur in local or regional markets.
- Maintain the FTC's leadership role in the ICN by participating in the Steering Group and guiding the ICN's strategic direction; leading the ICN's merger work, online training project, and implementation initiatives; and helping develop work on unilateral conduct, agency effectiveness, cooperation, and competition advocacy.

- Enhance the FTC's participation in other multilateral and regional fora, including the OECD, UNCTAD, and APEC, e.g., by helping to develop the OECD's work on procedural fairness in competition investigations and enforcement, and the application of competition laws to intellectual property rights.
- Advance cooperation and convergence with foreign competition agencies by improving cooperation in merger and anticompetitive conduct enforcement and policy, including developing new tools for cooperation and leadership on multi-lateral initiatives.
- Strengthen relations with competition agencies, including in Argentina, Australia, Brazil, Canada, China, the European Union, India, Korea, Mexico, Taiwan, and the United Kingdom, through dialogue on policy initiatives, case cooperation, and, as appropriate, the provision of technical assistance.
- Work with other U.S. agencies, including bilaterally and in intergovernmental fora, to address appropriate competition-related issues.
- Continue the FTC's international competition technical assistance program.

External Factors

- The development of competition policy involves numerous stakeholders, political considerations, and economic factors. Enforcement of the more than 130 competition laws often overlap and intersect, and can potentially conflict. Foreign policy and political considerations that are outside the scope of competition policy may also play a role. All of these factors can affect enforcement, cooperation, policy, and the ability to accomplish the objectives of the U.S. antitrust agencies.
- The ability to conduct international technical assistance depends in part on the availability of external resources, support of U.S. embassies abroad, and the willingness of foreign governments to accept U.S. assistance and advice.

Performance Measures

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.

The Office of International Affairs (OIA) strives to ensure appropriate cooperation on and coordination of investigations under parallel review by the FTC and foreign competition agencies. This measure gauges the effectiveness of the FTC's enforcement cooperation with foreign antitrust authorities pursuing parallel enforcement activities.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	95%	95%	95%	95%	95%	95%	
Actual	100%	100%	100%	96%	98%	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 18, the FTC had 82 substantive contacts in 43 enforcement matters with counterpart agencies around the world, including in Australia, Argentina, Brazil, Canada, Chile, China, Colombia, the European Union, Germany, Italy, Japan, Korea, Mexico, New Zealand, Saudi Arabia, Singapore, South Africa, Taiwan, and the United Kingdom. Those agencies reached compatible outcomes in all but one of the cases completed during the fiscal year. While the FTC will continue to strive for 100% success, the target reflects the possibility of inconsistent outcomes, particularly as less mature antitrust agencies assert their jurisdiction and as the number of agencies that enforce unilateral conduct prohibitions expands.

Performance Goal 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.

This measure quantifies FTC’s efforts to assist young competition authorities to enhance their enforcement capacity, build sound regulatory frameworks, improve agency effectiveness, and promote competition policies in their economy. These efforts include providing policy advice and direct technical assistance, as well as professional development opportunities for international partners through the International Fellows program.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	120	120	120	120	120	120	
Actual	161	144	171	160	151	---	
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	

FY 18 Highlights: In FY 2018, the FTC provided policy advice to foreign competition agencies in 117 instances through consultations, written submissions, and comments on proposed laws and guidelines. The FTC’s policy advice remains highly regarded and sought after by new and experienced competition agencies and by participants in international organizations and conferences. The agency also conducted 24 technical assistance missions in 17 jurisdictions and hosted ten officials from foreign agencies through our International Fellows program in support of the competition mission.

Other Indicator

Indicator 2.3.IND.1: Percentage of full investigations in which the FTC and other U.S. federal, state, and local government agencies shared evidence or information that contributed to FTC law enforcement.

Due to the wide geographic impact of merger and nonmerger actions, it is important that the FTC share information and resources with other federal, state and local government agencies in the investigation and enforcement of cases. This indicator tracks the number of full merger and nonmerger investigations concluded in a given fiscal year that involved information sharing with federal, state, or local government agencies.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	52.6%

Strategic Goal 3: Advance the FTC's Performance Through Excellence in Managing Resources, Human Capital, and Information Technology.

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

Goal 3 is inherently collaborative and encompasses all of the agency's key management areas: human capital; infrastructure and security; information technology resources; and financial management. Work in Goal 3 fosters leadership, transparency, and accountability across the agency and establishes a culture of customer service 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 and efficient solutions.

The FTC has established three objectives to guide work in this area:

- **Objective 3.1:** Optimize resource management and infrastructure.
- **Objective 3.2:** Cultivate a high-performing, diverse, and engaged workforce.
- **Objective 3.3:** Optimize technology and information management that supports the FTC mission.

Goal 3 and its Strategic Objectives comprise the Stewardship focus component of the FTC's 2018 Performance Report and the FY 2019–2020 Performance Plan.

Objective 3.1: Optimize resource management and infrastructure.

Goal Leaders: Executive Director, Office of the Executive Director (OED); General Counsel, Office of the General Counsel (OGC)

Progress Update

- The FTC completed a review of essential supporting activities as part of the required annual review of the Continuity of Operations (COOP) Plan. Participation in the Federal Emergency Management Agency (FEMA) annual Eagle Horizon exercise in May 2018 verified the operability and effectiveness of the COOP Plan.
- The Administrative Services Office (ASO) worked with the General Services Administration (GSA) to more effectively configure the agency's leased space in its New York and Cleveland regional offices to provide additional workspace and better serve our regional office staff.
- As part of the ongoing OMB 11-11 and Federal Public Key Infrastructure (FPKI) for PIV Card certificate and modernization effort, FTC implemented the GSA US

Access PIV Card across all regional offices to enable more efficient and effective logical and physical access.

- The FTC completed two Facility Security Assessments (FSAs) for the Cleveland, OH and Dallas, TX offices, which identified enhancements to the security countermeasures and posture of the facilities.
- In FY 2018, ASO and the Records and Filing Office merged to improve coordination and operational efficiency supporting the FTC's missions. Along with streamlining the organization structure to take advantages of synergies between complementary business lines, a new office was created, the Office of the Chief Administrative Services Officer (OCASO), to promote customer relationships, modernization efforts, and continuous improvements supporting the three business lines of space and facilities, records and information, and continuity and security management.
- FMO implemented an Enterprise Risk Management (ERM) program and documented risks related to achieving the FTC's strategic goals and objectives. This helped leadership determine where to apply resources to address the highest priorities and risks. FMO will continue to support efforts to monitor and update risk registers to highlight the most significant risks, and will report to senior management for decision-making.
- In a team effort with the Office of the Chief Information Officer (OCIO), the FTC's acquisitions branch awarded four Blanket Purchase Agreements to industry partners in support of OCIO's work to migrate agency IT services to the cloud.
- FMO has worked to improve customer service for agency travelers by expanding our travel support helpdesk, implementing a new policy on booking leisure travel jointly with official travel, and rolling out a new VIP support service for FTC Commissioners and Bureau Directors.
- FMO implemented revised travel procedures to bring the agency into compliance with federal travel regulations.

Challenges or Barriers

- Changes in the economy have a direct impact on our agency's ability to attract and retain its workforce. Strong job markets have led talented staff to seek more lucrative opportunities at other higher-paying agencies or in the private sector.

Strategies

- Continue to update the agency's COOP Plan, which defines necessary planning and actions to ensure the preservation and performance of FTC mission essential functions.
- Publish comprehensive Emergency Guides for FTC DC facilities and staff. Guides will be used to set up a training program for emergency preparedness that will include various training formats, including an online component. Training will be encouraged and emphasized through a robust communication plan that will ensure people know what they should do to be safe, as well as how they can best

prepare themselves for emergencies. Additionally, FTC will emphasize drills and activities that provide employees the opportunity to practice proper emergency response procedures.

- As part of the implementation and issuance of the new US Access PIV cards, all FTC employees will be issued new PIV cards by the end of FY 2019, and the agency will begin routine maintenance of the cards and certificates every three to five years.
- Begin to develop a facility construction plan to mitigate enhanced security countermeasures as part of the FSA's findings.
- Improve the effectiveness and efficiency of the FTC's financial management operations, including critical procurement-related work. Building on the successful integration of the procurement and core financial systems, the FTC plans to automate how the agency receives and pays for services. This complete financial management system will strengthen the agency's internal controls, improve efficiency of the end-to-end procure-to-pay process, and provide agency staff with timely information regarding budget execution and the availability of funds.
- Improve our Procurement Action Lead Time (PALT), a widely-used government measurement that estimates the number of days to award a procurement action, once a complete procurement package has been received.
- Ensure timely filing of senior officials' public financial disclosure reports through improved tracking and communication.

FY 2019- 2020 Next Steps and Future Actions to Meet Strategic Objective

- Review and update the FTC COOP Plan to ensure the plan supports the essential functions of the agency. While the FTC's current plan meets all government requirements, the FTC revised the plan in FY 2018 to reflect the framework of the new Presidential Policy Directive on Continuity (PPD-40) and the recent update of the Federal Continuity Directive 1.
- Expand knowledge about emergency preparedness by developing and delivering classroom and web-based training courses.
- Continue to promote and develop a strong working relationship with all staff that focuses on customer service while adhering to agency policy.
- Develop improved processes and policies for financial and acquisition management that promote integrity, transparency, efficiency, and effectiveness.
- Update the Electronic Security System (ESS) at HQ by embedding all integrated components, such as the Physical Access Controls Systems (PACS), which are Federal Identity, Credential, and Access Management (FICAM) compliant. Replace the obsolete analog Closed Circuit Television systems (CCTV) with a modern digital system, and add an Intrusion Detection System (IDS). This will allow the FTC to monitor, manage, and secure resource access and usage, including

electronic files, computer systems, and physical resources (e.g., server rooms and buildings).

- Continue with the implementation of ERM in accordance with agency policy.
- Implement new acquisition policies and increase training for agency Contract Officer Representatives.

External Factors

- Changes in government requirements, especially for financial management, may cause a shift in priorities or change how the FTC approaches the work.
- Changes in federal ethics requirements and whether the U.S. Office of Government Ethics continues to provide Integrity.gov as its disclosure report database may affect how the FTC's Ethics Team collects and reviews public financial disclosure reports.
- The annual OED Customer Satisfaction Survey is voluntary. If few FTC employees choose to respond to the survey, the usefulness of the data to drive service improvements will be limited.

Performance Measures

Performance Goal 3.1.1: The extent to which the FTC is prepared to protect people and property and to continue mission essential operations during emergencies.

(a) Achieve a favorable COOP rating. The FTC Continuity of Operations (COOP) Plan defines the necessary planning and actions that are required to ensure the preservation and performance of the FTC’s essential functions. Continuity planning facilitates the performance of FTC essential functions during all-hazards emergencies or other situations that may disrupt or potentially disrupt normal operations. The FTC COOP Plan is validated through annual tests, training, and exercises that confirm the agency’s ability to perform essential supporting functions during an emergency. The annual government-wide Eagle Horizon exercise serves to assess and validate components of the continuity plan as well as the policies, procedures, systems and facilities used to respond to and recover from an emergency. This assessment also serves to identify issues for subsequent improvement.

(b) The number of products and activities related to Physical Security that inform staff and provide opportunities to practice emergency procedures. It is important that FTC employees have as much information as possible regarding actions and resources that will ensure their safety during emergencies. The Occupational Health and Safety Office develops promotional and educational materials such as posters, publications, internet tools, classroom and web-based training courses, and appropriate exercises and drills designed to give employees the information they need to remain safe. This measure will track the number of products (posters, publications, etc.) and activities (training opportunities, drills, etc.) focused on physical safety and security that are provided to FTC employees.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	(a)75% (b) N/A	(a)75% (b) N/A	(a)75% (b)N/A	(a)75% (b)N/A	(a) 75% (b) Baseline	(a) 80% (b) 42	(a) 85% (b) 42
Actual	(a)85% (b)N/A	(a)90% (b)N/A	(a)90% (b)N/A	(a)95% (b)N/A	(a)95% (b) 39	(a)--- (b)---	(a)--- (b)---
Status	(a)Exceeded (b)N/A	(a)Exceeded (b)N/A	(a)Exceeded (b)N/A	(a)Exceeded (b)N/A	(a)Exceeded (b)N/A	(a)--- (b)---	(a)--- (b)---

FY 18 Highlights: (a) The FTC revised its COOP plan in FY 2018 to reflect the framework of the new Presidential Policy Directive on Continuity (PPD-40) and the recent update of the Federal Continuity Directive 1.

(b) The FTC offers a mix of resources to promote employee safety and security. This year the FTC concentrated on added print resources detailing physical security resources and building-specific emergency guides. FTC also collaborated with the Department of Homeland Security to provide in-person training on staying safe during active shooter situations.

Performance Goal 3.1.2: Percentage of survey respondents who are satisfied or very satisfied with the timeliness of administrative operations.

The FTC Office of the Executive Director (OED) conducts an annual online Customer Satisfaction Survey. The survey is voluntary, anonymous, and offered to all FTC employees. Respondents are asked to indicate their level of satisfaction on a 5-point scale of Very Satisfied to Very Dissatisfied related to services provided by OED Offices. This measure tracks the level of satisfaction with the responsiveness of the Administrative Services Office to phone and email requests (Question #34).

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	Baseline	75%	
Actual	N/A	N/A	N/A	81%	82%	---	
Status	N/A	N/A	N/A	N/A	N/A	---	
FY 18 Highlights: Agency staff are satisfied with the timeliness of response to a wide variety of administrative service requests that are provisioned by OCASO. The survey included transportation, space, facilities, physical security, and records management, among other services.							

Performance Goal 3.1.3: Achieve a favorable (unmodified) audit opinion from the agency’s independent financial statement auditors.

FTC management is responsible for the preparation and fair presentation of annual financial statements in accordance with U.S. generally accepted accounting principles. As required by law, the FTC’s financial statements are audited annually by independent auditors. The auditors will determine whether the Annual Financial Statements and related notes present fairly, in all material respects, the assets, liabilities, and net position in accordance with U.S. generally accepted accounting principles. The ideal outcome is an unmodified or clean opinion. Potential negative outcomes include a qualified or adverse opinion or a disclaimer from opinion.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.	Unmodified opinion on the financial statements.
Actual	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion	---	
Status	Met	Met	Met	Met	Met	---	
FY 18 Highlights: The agency received a “clean” (unmodified) opinion on its financial statements. The opinion is determined by the independent auditor’s review and test of internal controls over operations and financial reporting and the auditor’s determination that the financial statements and notes are presented fairly.							

Performance Goal 3.1.4: Percentage of new entrant, annual, and termination Public Financial Disclosure Reports that are filed within the required timeframe.

Ensuring public confidence in the integrity of FTC operations is paramount. The Ethics in Government Act of 1978, as amended, requires senior FTC officials to file public financial disclosure reports (OGE Forms 278e) addressing their finances as well as other interests outside the federal government. The reports allow for a systematic review of the financial interests of both current and prospective senior staff and the timely filing of the OGE Form 278e helps prevent actual conflicts of interest and ensures the FTC’s Ethics Team is able to identify and address potential conflicts. This measure will track the percentage of public disclosure reports that filed within the required timeframe. Timeframes vary based on the type of required filing, and the FTC’s Ethics Team may grant limited extensions of the filing deadline for good cause.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	Baseline	95%	
Actual	N/A	N/A	N/A	N/A	98.3%	---	
Status	N/A	N/A	N/A	N/A	N/A	---	

FY 18 Highlights: The FTC received an entirely new slate of Commissioners, resulting in a high rate of turnover in senior staff positions throughout the agency. The FTC received 5 nominee reports, 13 new entrant reports, 38 annual reports, 4 termination reports, and 2 combined annual/termination reports. Taking into account all reports, only one new entrant report was untimely (after obtaining an extension, one new entrant filed the report one day late).

Performance Goal 3.1.5: Percentage of contract actions awarded within FTC’s established Procurement Action Lead Time (PALT).

Awarding government contracts, orders, and modifications takes a tremendous amount of staff time. To measure the efficiency of our acquisitions branch, this measure tracks the percentage of contract actions finished within established lead times. The lead time varies depending on the type of contract.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	Baseline	65%	70%
Actual	N/A	N/A	78%	65%	57%	---	---
Status	N/A	N/A	N/A	N/A	N/A	---	---

FY 18 Highlights: Acquisitions staff completed 678 contract actions in FY 2018, a significant increase from the 529 actions completed in FY 2017. This increased workload, as well as staffing issues, led to a lower percentage of contract actions completed within the PALT.

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

Goal Leaders: Executive Director, OED; Director, Bureau of Consumer Protection; Director, Bureau of Competition; Director, Bureau of Economics; General Counsel, OGC

Progress Update

- **Leveraging Technology to create HR efficiencies:**
 - » **Electronic Official Personnel Folder (eOPF):** This virtual, web-based system replaced the FTC's paper-based personnel records management system, and will provide FTC staff and Human Capital Management Office (HCMO) personnel on-demand access to personnel records. eOPF is designed to protect the information rights, benefits, and entitlements of federal employees. The improved security and oversight enabled by the eOPF system will also fulfill an important role as part of the FTC COOP Plan. Additionally, it will create major efficiencies in reviewing personnel folders and will allow seamless electronic transfer of the eOPF when an employee moves between organizations or agencies. It also complies with Office of Personnel Management (OPM) and federally mandated Human Capital employee record management regulations.
 - » **Electronic Performance Management System (USA Performance):** The USA Performance system includes complete workflow management and tracking of performance evaluations. The system provides the ability to check the status of all agency performance plans by office or employee at any time. Feedback and performance information is stored in one secure location. Automation ensures greater accountability and transparency of the agency's performance appraisal process. Roll-out to the entire agency at all grade levels, including SES, will be completed in 2019.
 - » **Recruitment and Hiring System:** Persistent technical issues with the current system have created delays in the hiring process both for HCMO and for hiring managers. If a better solution is determined to be available, HCMO will plan a migration.
- **Training Assessment:** This year HCMO addressed a 2017 OPM audit finding by conducting an agency-wide training assessment to identify the training needs of the Commission's professional and support employees. The results of that assessment were evaluated and are being implemented.
- **Performance Appraisal Changes:** Moving Critical Elements from 5 to 4: The FTC currently uses a five-tier performance appraisal system with ratings assigned to one of five levels: Outstanding, Commendable, Satisfactory, Minimally Acceptable, or Unacceptable. The Commission will be moving to a four-tier performance appraisal system by eliminating the Minimally Acceptable rating level. This change will fulfill requirements of OMB Memorandum M-17-22 to improve the agency's ability to maximize employee performance and improve management's ability to distinguish between Satisfactory and Unacceptable performance.

- Voluntary Separation Incentive Payments Authority (VSIP)/Voluntary Early Retirement Authority (VERA): As part of the President’s initiative to reduce the Federal Civilian Workforce, as well as workforce reshaping activities requested through OMB Memorandum M-17-22, the FTC received two years of authority to offer VERA and VSIP to staff in targeted occupational series. In total, 31 employees separated from the FTC under the VERA-VSIP program in FY18. These vacated positions continue to be reshaped to recruit staff with updated skills essential to mission accomplishment. In FY19, the agency again has utilized its authority to offer VERA and VSIP to further implement its workforce reshaping efforts. Total numbers of employees availing themselves of this offer will not be known until April 2019. Utilizing this authority, the FTC expects to operate even more effectively in achieving its mission, going forward.
- Strengthening Senior Executive’s Performance Plans: To strengthen executive leadership competencies and ensure executives are held accountable for performance of their staff, FTC’s Executive Resources Board recently increased the weight for the “Leading People” Critical Element on all Senior Executive Service (SES) performance plans. This element requires SES to complete 100% of their staff performance plans, mid-cycle reviews, and appraisals, in addition to establishing individual learning and training plans.

Challenges or Barriers

HCMO is working to modernize the agency by moving its HR systems from paper-based to electronic systems. The success of these projects is predicated on having staff with the technical expertise and experience to lead this change and ensure the successful adoption of these systems. As evidenced by the agency’s VERA/VSIP workforce reshaping efforts, the agency is simultaneously trying to recruit employees with the necessary technical competencies to support this work. Accordingly, the agency may not have enough staff with the necessary competencies to successfully lead such modernization efforts or staff with the skills to easily and quickly adopt such changes, which may serve as barriers to implementation. In addition, HCMO has experienced significant turnover. The demand for competent federal HR professionals is high and the market quite fluid. As a result, timely completion of these initiatives and HR operational work may prove very challenging, and potentially more costly.

Strategies

- Use integrated workforce planning to identify and fulfill current and future human capital needs, including recruiting and retaining HR professionals with the requisite technical competencies to support the deployment and management of electronic HR systems. This work will enable HR and the agency to carry out the FTC’s mission more efficiently and effectively, while more nimbly meeting future needs.
- Implement programs and processes to enable the agency to recruit, develop, and retain a highly qualified and diverse workforce.

- Support an agency-wide performance culture that focuses on individual development and organizational accountability to achieve the FTC's programmatic goals and priorities by enhancing SES and other leaders' performance plans and deploying training initiatives that are aligned with the agency's strategic plan and emergency agency needs.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Continue working toward OPM's 80-day time-to-hire model through business process re-engineering and improvement of practices, where appropriate, while meeting the agency's business needs, including the ability to reach the right talent for FTC's positions.
- Expand efforts to promote diversity and encourage inclusion.
 - » Partner with hiring managers to deploy recruitment and outreach strategies to attract a diverse workforce.
 - » Educate managers on the benefits of an inclusive work environment to promote employee engagement.
- Continue to equip managers and employees to embrace change in order to drive organizational success and outcomes.
- Leverage technology to:
 - » improve and advance agency HR processes
 - » make managers and employees more efficient through the use of human capital automated systems and processes (i.e., personnel actions, onboarding).
- Promote and expand the use of human resources flexibilities such as telework, reasonable accommodation, and wellness programs that support employee retention.
- Assess agency training needs and programs annually and determine how these programs contribute to mission accomplishment and meet organizational performance goals.
- Continue to provide proactive support to managers, supervisors, and employees on human resources issues, through direct consultation, classroom sessions, brown bag sessions, webinars, notices to employees, the agency's newsletter (FTC Daily), and an HCMO internet page that provides the most up-to-date content for FTC staff.
- Continue to implement changes to SES/Executive leadership performance plans as well as the Non-SES managerial performance appraisal system that encourage the development and training of staff, foster accountability, and ensure performance excellence in the accomplishment of the agency's mission and goals.
- Complete utilization of VERA and VSIP authority to reshape the FTC's workforce to support the mission.

External Factors

- Delays in annual appropriations have the potential to adversely affect implementation of human capital strategies and programs.
- Changes in the economy have a direct impact on the agency's ability to attract and retain its workforce. Strong job markets have led talented staff to seek more lucrative opportunities at other higher-paying agencies or in the private sector.
- The agency has to stay abreast of, and try to compete as best it can with, the benefits offered by the private sector and sought by the 21st century workforce.

Performance Measures

Performance Goal 3.2.1: The extent to which FTC employees consider their agency to be a best place to work.

Employee satisfaction is measured by averaging the results from three questions on the Federal Employee Viewpoint Survey (FEVS). Measuring the overall job satisfaction of FTC employees provides managers with important information regarding employees' general satisfaction with their organization and the work they do. Overall job satisfaction is closely correlated with employee retention.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	65%	Exceed the government-wide average results.	
Actual	N/A	79.2%	81.2%	82.9%	85.0%	---	---
Status	N/A	N/A	N/A	N/A	Exceeded	---	---

FY 18 Highlights: The overall job satisfaction of FTC employees who consider the agency a best place to work is significantly higher than the government wide average, and the FTC exceeded the government-wide average score by 20 percentage points in 2018. This data provides FTC leadership with important information regarding employees' job satisfaction with their organizations, employee's engagement with the work they do and the extent that they consider the FTC to be a favored place to contribute their talents for mission accomplishment.

Performance Goal 3.2.2: The extent employees believe the FTC encourages an environment that is open, diverse, and inclusive.

The New IQ Index of the FEVS determines this measure. The Index gauges the extent to which employees believe the agency has policies and programs that promote a work environment that is open, diverse, and inclusive. This includes having managers support creativity and innovation and a workforce that is representative of all segments of society. The New IQ Index identifies behaviors that help create an inclusive environment and is built on the concept that repetition of inclusive behaviors will create positive habits among team members and managers. Workplace inclusion is a contributing factor to both employee engagement and organizational performance.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	56%	57%	58%	60%	61%	Exceed the government-wide average results.	
Actual	68.0%	70.2%	75.0%	77.8%	77.6%	---	---
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	---
FY 18 Highlights: FTC exceeded the government-wide average for all agencies on the New IQ Index score of 61% by 17%. With a score of 78%, the FTC also ranked 1st in the category of medium sized agencies (1,000-9,999 employees).							

Key Performance Goal 3.2.3: The extent to which employees believe the FTC cultivates engagement throughout the agency.

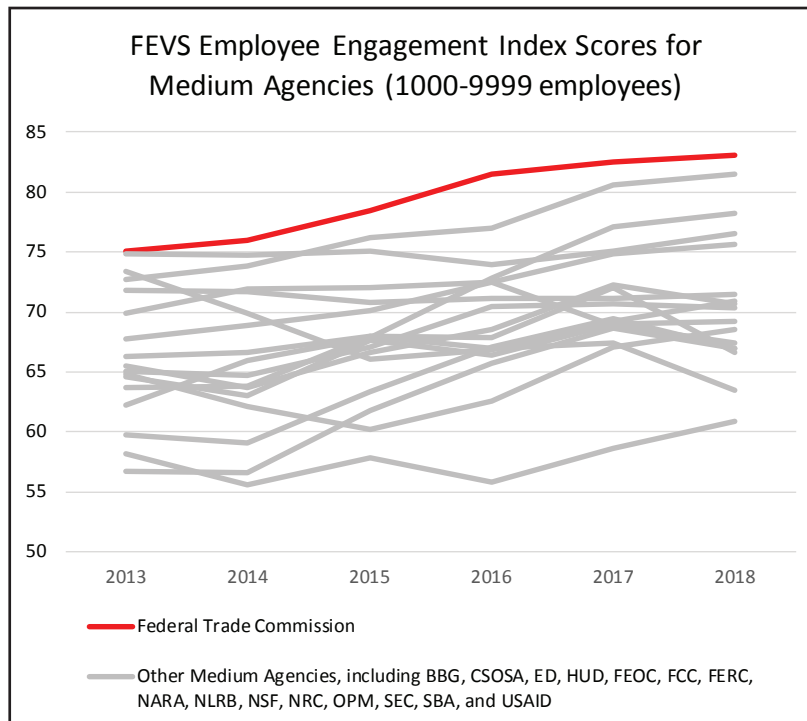
The Employee Engagement Index (EEI) of the FEVS determines this measure. The Index gauges the extent to which employees believe that management listens and provides meaningful support and feedback in various areas that assist staff in supporting the overall mission of the agency. The index is compiled from questions across three sub factors: Leaders Lead, Supervisors, and Intrinsic Work Experience.

- Leaders Lead: Employees’ perceptions of leadership’s integrity, as well as leadership behaviors such as communication and workforce motivation.
- Supervisors: Interpersonal relationship between worker and supervisor, including trust, respect, and support.
- Intrinsic Work Experience: Employees’ feelings of motivation and competency relating to their role in the workplace.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	68%	Exceed the government-wide average results.	
Actual	N/A	78.5%	81.5%	82.5%	83.1%	---	---
Status	N/A	N/A	N/A	N/A	Exceeded	---	---

FY 18 Highlights:

FTC exceeded the government-wide average Employee Engagement Index score of 68% by 15%. With a score of 83%, the FTC also ranked 1st in the category of medium sized agencies (1,000-9,999 employees).



Performance Goal 3.2.4: The extent to which employees believe FTC management promotes a results-oriented performance culture.

The Results Oriented Performance score of the FEVS determines this measure. The score indicates the extent to which employees believe their organizational culture promotes improvement in processes, products, and services, and organizational outcomes.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	55.7%	Exceed the government-wide average results.	
Actual	N/A	65.0%	70.4%	72.9%	74.1%	---	
Status	N/A	N/A	N/A	N/A	Exceeded	---	

Other Indicators

Indicator 3.2.IND.1: Percentage of eligible FTC employees who have telework agreements.

This indicator will provide information on overall employee participation in the FTC telework program. Telework is a valuable tool that supports workplace flexibility by allowing an employee to perform work during any part of regular, paid hours, at an approved alternative worksite (e.g., home, telework center). It is an important tool for achieving a resilient and results-oriented workforce.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	84.9%

Indicator 3.2.IND.2: Number of requests for reasonable accommodations resolved through the FTC's reasonable accommodations process.

This indicator will track the resolution of requests for reasonable accommodation submitted to the HCMO Disability Program Manager by FTC employees or job applicants with permanent or temporary disabilities that affect the performance of their job duties. Tracking this data helps ensure the agency is in compliance with the policies and procedures outlined in the Administrative Manual, Chapter 3: Section 300 - Disability Anti-Discrimination Policy and Reasonable Accommodation Procedures.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	46

Indicator 3.2.IND.3: Average number of days to issue a certificate of eligible candidates to a hiring manager.

This indicator will track the average number of days it takes for HCMO Human Capital (HC) specialists to issue a certificate of eligible candidates to hiring managers after a job opportunity announcement has closed. The ability to provide a list of eligible job candidates in a timely manner enables managers to continue to meet the FTC mission by filling vacant positions with qualified persons as quickly as possible.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	13.5 days

Indicator 3.2.IND.4: Average number of days to make a hiring decision.

This indicator will track the average number of days between the date hiring managers receive a certificate of eligible candidates and the date managers return hiring certificates to HCMO for processing after a hiring decision has been made. When managers review qualifications, interview and evaluate eligible candidates, and make final hiring decisions in a timely manner, HC specialists are more likely to have offers accepted by the hiring managers' top candidates.

	FY 2016	FY 2017	FY 2018
Actual	N/A	N/A	29 days

Objective 3.3 Optimize technology and information management that supports the FTC mission.

Goal Leader: Executive Director, OED

Progress Update

- The FTC updated its IRM Strategic Plan to cover FY 2018-2022 to align with the agency's updated Strategic Plan. The IRM Strategic Plan provides strategic direction for enhancing IT service performance and proposes initiatives to modernize IT through a large-scale migration to high-availability cloud services.
- The FTC completed an increase in the agency's internet and wide-area network bandwidth to improve system performance for Regional Office staff and facilitate the increased internet usage necessary to use cloud-based applications.
- The FTC completed a pilot and proof-of-concept (POC) for a cloud-based legal review tool. This pilot allowed the FTC to validate its requirements for legal review and determine the FTC's approach for legal review tools in the future. This project will facilitate the agency's permanent migration to a cloud-based legal review tool, providing FTC staff with a reliable, robust, and scalable tool for electronic discovery and decreasing the agency's infrastructure footprint.
- The FTC continues to upgrade and replace aging, end-of-support equipment and applications to increase user functionality and decrease the risk of downtime, sys-

tem failures, and security vulnerabilities. In FY 2018, the FTC completed projects to upgrade the on-premises email environment and replaced laptops for FTC staff.

- The FTC awarded its Information Technology Support Services (ITSS) blanket purchase agreement and two task orders to begin the modernization of the agency's office productivity and service management applications. These task orders include the deployment and configuration of cloud-based software suites for office productivity, including e-mail. These new tools are expected to increase productivity for the entire agency through increased service availability, increased user functionality, and faster data processing.
- Implemented a paperless process for maintaining, distributing, and storing copies of Commission-approved documents. This step, taken in collaboration with OGC and OS, reduces the Commission's paper footprint and promotes best practices in federal records management.
- Successfully transferred approximately 1,000 boxes of permanent records to National Records Archives Administration (NARA) custody and identified more than 1,800 boxes of temporary records for destruction.
- The FTC transitioned to maintaining official documents of the Commission electronically, which has reduced the agency's paper consumption and increased process efficiency.

Challenges and Barriers

- The FTC needs to improve its IT configuration management practices, particularly its documentation of baseline configurations and technical architecture, to ensure that the impact, security implications, and risks of changes to the agency's IT systems are adequately considered.

Strategies

- Execute a unified IT Modernization Program to ensure all IT initiatives are strategically aligned and reduce the cost of commodity IT services through cloud-based and shared solutions, redirecting savings to mission-focused litigation support solutions.
- Use government-wide acquisition contracts (GWAC) and secure cloud providers to reduce cost and speed implementation of modernization efforts.
- Focus on security, documentation, and process improvements necessary to advance the FISMA maturity of the FTC.
- Improve agency IT services by creating resilient and available services, consolidating management and increasing utilization of IT resources, and investing in new technologies to advance the FTC's mission.
- Continue the transition to electronic information resource management and electronic recordkeeping and manage FTC records in accordance with the Managing Government Records Directive M-12-18.

- Implement an Enterprise Content Management (ECM) system to allow staff to work collaboratively and to manage information throughout its lifecycle.

FY 2019-2020 Next Steps and Future Actions to Meet Strategic Objective

- Identify and implement business process improvements through effective use of technology to facilitate the agency's decision-making processes and management of its cases.
- Provide records and information management training and outreach to staff, with special emphasis on managing information electronically throughout its lifecycle.
- Continue to develop an agency-wide information governance policy to support efficient management of electronic information with appropriate access restrictions.
- Implement the final rule, recently issued by NARA that establishes uniform executive-branch wide standards for designating, handling and decontrolling Controlled Unclassified Information (CUI).
- Develop service-level strategies and identify the resources, activities, and projects required to modernize, improve performance, and increase availability of core IT services.
- Design and begin implementation of a modernized communications infrastructure that supports the migration of FTC systems to external cloud environments and increases reliability and availability of FTC networks.
- Continue migration of mission-critical business applications and systems to externally hosted cloud environments to improve performance and decrease risk of system downtime or failure.
- Improve end-user productivity and mobility through the issuance of new laptops and mobile devices with upgraded operating systems and office productivity applications.

External Factors

- The ability to make the significant technology investments that will be required to modernize, including investments in an ECM system, may be affected by resource constraints.
- Federal mandates and guidance may limit available information management solutions and delay cloud-based modernization efforts.
- Evolving information security threats will affect IT modernization efforts and the FTC's overall risk posture. The FTC will continue to mature its processes and documentation surrounding information security and risk management to monitor and mitigate risks associated with IT modernization efforts as part of a comprehensive IT risk management program. The FTC will also continue to standardize security controls across systems to decrease complexity and risk.

Performance Measures

Performance Goal 3.3.1: Availability of information technology systems.

Information technology systems must be available and accessible to support the FTC mission. Lack of availability and accessibility severely constrains employees and managers' ability to serve the public and stakeholders. This measure tracks service outages and monitors the uptime of 11 critical information technology services, as well as the agency's infrastructure backbone, including:

- Email
- FTC-specific applications and systems
- Wireless services
- Internet
- Intranet
- Phone and Voicemail
- Wide Area Network
- The agency's primary public website (www.ftc.gov)
- Litigation support applications and systems
- Economic support systems
- Remote employee access

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%	99.60%
Actual	99.98%	99.82%	99.75%	99.70%	99.71%	---	---
Status	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	---	---

FY 18 Highlights: In FY 2018, the FTC exceeded its target of 99.5% for information system availability. The Office of the CIO conducted multiple tasks and projects that contributed to exceeding the target. These tasks include upgrades of infrastructure components that provide the backbone of the agency's network; deployment of a new remote access tool for employee teleworking; upgrade of the agency's on-premise email solution; and migration to a new cloud-based legal review tool. These actions ensured continued availability by providing components with improved performance or transferring the performance to a high-availability cloud service provider.

New in FY 2018: While this metric has been reported for several years, beginning in FY 2018 OCIO will start including planned outages as well as unplanned outages in its measure of system uptime. FY 2014-2017 performance results are reported for historical purposes.

Performance Goal 3.3.2: Percentage of IT spend on Provisioned IT Services.

This measure tracks the agency’s progress in moving IT services to the cloud. Transitioning to cloud-based services is a key component of OCIO’s Strategic Plan and will benefit the FTC through increased flexibility, dependability, and, ultimately, cost savings.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	Baseline	37%	40%
Actual	N/A	N/A	N/A	N/A	36.6%	---	---
Status	N/A	N/A	N/A	N/A	N/A	---	---

FY 18 Highlights: In FY 2018, the FTC continued progress in migrating IT services to cloud environments. The agency completed a pilot of a new cloud-based legal review tool and awarded contracts to migrate the agency’s email and IT service management tool to software-as-a-service (SaaS) environments.

Performance Goal 3.3.3: Achieve a favorable rating in the FTC Cybersecurity Index.

This measure monitors the agency’s progress in achieving multiple critical cybersecurity metrics, each of which measures the agency’s cybersecurity posture and strength in protecting the confidentiality, integrity, and availability of information systems. The cybersecurity metrics that go into this Index are:

- % of major systems with a valid authority to operate (ATO). Measures the number of major IT systems with a valid ATO, documenting review of system security controls and review and acceptance of system risks.
- % of GFE workstations with below the “acceptable” vulnerabilities threshold. Measures the number of GFE workstations with critical and potentially exploitable vulnerabilities, indicating the agency’s risk level for cyberattacks. This is a measurement of the most frequently compromised assets.
- % of GFE workstations scanned monthly. Measures the number of GFE workstations scanned to ensure vulnerabilities are addressed in a timely manner based on risk and impact. Leading indicator on the repeatability and effectiveness of the vulnerability assessment and remediation processes.
- % of GFE workstations patched within 30 days. Workstations are scanned monthly to make sure they have the most recent patches. GFE workstations that have been patched within the 30 days prior to the monthly scans have a reduced opportunity to exploit vulnerabilities.
- % of assets with valid baseline configuration. Measures the number of assets with a documented and validated baseline configuration. This is an indication of how well the IT environment is known and secured. Undocumented assets cannot be effectively secured.
- % of GFE workstations deviating from baseline configuration. Measures the number of GFE workstations that deviate from that baseline without a docu-

mented risk acceptance. This is an indicator of the effectiveness of the configuration management process.

- % of unprivileged users using multi-factor authentication. Measures the number of unprivileged (i.e. general) FTC staff using multi-factor authentication to access the FTC network, decreasing the risk of unauthorized access to agency systems
- % of privileged users using multi-factor authentication. Measures the number of privileged FTC staff (i.e., system administrators with elevated system rights) using multi-factor authentication to access the FTC network, decreasing the risk of insider threat and unauthorized access to highly sensitive data.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	Baseline	6 of 8	
Actual	N/A	N/A	N/A	N/A	3 of 8	---	
Status	N/A	N/A	N/A	N/A	N/A	---	

FY 18 Highlights:

- During FY 2018, three systems were retired and two systems were added to the environment, with eight assessment and authorizations completed. The FTC currently has eleven systems authorized to operate.
- The FTC worked to improve visibility into GFE workstation vulnerabilities, secure configuration baselines, and improve GFE workstation scanning capabilities. The FTC will continue to examine methods to better report on GFE workstations below the acceptable vulnerabilities threshold and those GFE workstations not patched within 30 days, providing SMEs further information for triaging vulnerability mitigation and patch distribution.
- The FTC has subscribed to the Center for Internet Security (CIS), a subscription that provides automated configuration baselines that will decrease future implementation times. Secure baselines have been chosen for all applicable operating systems.
- In FY 2018, the FTC completed a key component of its strategy to secure access to the agency’s data, namely completion of the requirement that all regional office employees use Personal Identity Verification (PIV) to access the network, just like FTC’s headquarters employees. The agency’s goal is to secure and streamline access to government owned IT applications and services by making PIV the default means for login to all FTC IT applications and services.

Performance Goal 3.3.4: Percentage of the FTC’s paper records held at the Washington National Records Center that are processed and appropriately either (a) destroyed or (b) transferred to the National Archives and Records Administration.

(Former Performance Goal 3.3.4 (Percentage of permanent records that are managed electronically) was removed from the Strategic Plan in FY 2019, after achieving 100% compliance in the initial year of tracking. The former measure has been replaced by this measure and 3.3.5 below.)

This measure will track the agency’s progress in processing its paper records in order to comply with federal records management regulations and requirements. The agency maintains approximately 18,000 boxes of temporary and permanent records at WNRC that are eligible for disposition. The agency will transfer permanent records to NARA and will destroy temporary records in accordance with our records schedule. Disposing of the agency’s WNRC holdings will ensure the agency is compliant with NARA and OMB directives and will reduce spending for offsite storage. Timely transfer of records also will help the agency avoid digitization costs, as NARA plans to stop accepting transfers of paper records after 2022.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	N/A	≥ 25% of WNRC holdings processed	≥ 50% of WNRC holdings processed
Actual	N/A	N/A	N/A	N/A	N/A	---	---
Status	N/A	N/A	N/A	N/A	N/A	---	---

Performance Goal 3.3.5: Successfully transfer permanent electronic records dated between 2004 and 2016 to NARA in a timely manner.

This measure will track the agency’s progress in processing and transferring its electronic records in order to comply with federal records management regulations and requirements. The agency began maintaining its permanent records in an electronic format in 2004. Pursuant to the agency’s records schedule, many of these permanent records are eligible for transfer to NARA. The agency is obligated to transfer its permanent electronic records to NARA custody pursuant to the “Managing Government Records Directive,” OMB M-12-18.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	N/A	N/A	N/A	N/A	N/A	Transfer permanent electronic records dated 2004-2006	Transfer permanent electronic records dated 2007-2009
Actual	N/A	N/A	N/A	N/A	N/A	---	---
Status	N/A	N/A	N/A	N/A	N/A	---	---

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OTHER INFORMATION: MAJOR MANAGEMENT CHALLENGES AND PRIORITIES

The GRPA Modernization Act of 2010 (GPRAMA) and OMB Circular A-11 (Part 6) require agencies to describe their major management challenges and priorities and to identify planned actions and milestones to address them. In this section the FTC describes progress made on FY 2018 management priorities and planned actions and milestones to support FY 2018 management challenges.

FY 2018 MANAGEMENT PRIORITIES

The FTC's management priorities directly align with and support Strategic Goal 3: Advance the FTC's performance through excellence in managing resources, human capital, and information technology. The eight priorities below include active projects and metrics identified to ensure continued progress and to track results.

- **Partnership for Public Service Leadership Development Program:** The Commission again collaborated with the Partnership for Public Service to offer a leadership development program designed to identify and develop our future supervisors, managers, and leaders. In FY 2018, five applicants were chosen to participate in the yearlong program that includes group meetings, 24 days of training, and personal projects.
- **Leadership Framework:** The agency implemented a Leadership Framework that assists employees at the different levels of leadership (managing self, team lead, supervisor, manager, and executive) develop their skills, by providing groups of relevant books and training courses. The Framework is available to all employees through the agency's Learning Management System.
- **BCP and BC Mentoring Programs:** BCP and BC have focused attention on the continuous development of their employees through their mentoring programs. This year 26 BCP staffers and 27 BC staffers were paired with mentors through their respective mentor programs, which are open to all BCP, BC, and regional office employees.
- **Office of the Executive Director (OED) Mentoring Program:** OED's mentoring program completed its fourth year and has received very positive feedback from both mentors and mentees. 11 OED staffers were paired with mentors in FY 2018.
- **OED Employee Experience and Talent Management:** focuses on leading, managing, and developing people. OED scored 6% higher on the Employee Engagement

Index and 5% higher on the New IQ Index on the 2018 FEVS, compared to OED's results from the 2017 FEVS.

- **Customer Experience and Service:** focuses on customer satisfaction with the services OED offers. In FY 2018, 78% of OED customers surveyed were satisfied or very satisfied. Offices developed action plans to address challenges and opportunities identified in the survey.
- **Delivering Core Services and Operations:** ensures that key services have defined service levels, that mechanisms are in place for measuring performance against service levels, and that overall service levels are achieved. In FY 2018, OED: issued quarterly dashboards reporting on OED Office operational results; stood up a cross-OED working group that meets to discuss and manage OED initiatives and operational work and make most efficient use of resources across OED; combined the Administrative Services Office and the Records and Filings Office to create OCASO, which has resulted in greater efficiency and significantly improved employee satisfaction; achieved its 21st consecutive unmodified financial opinion (clean audit) on behalf of the agency; and continued to mature its capacity for enterprise risk management.
- **Delivering High Priority Projects and Initiatives:** ensures that high priority projects and initiatives will be included in OED's work plan along with estimates of required resources, milestones, and an explanation of importance. In FY 2018, among other things, OED: undertook a series of IT upgrades to the network and the regional offices and rolled out new, lighter, PIV-enabled laptops to staff to support greater mobility, security, and the agency's move to the cloud; completed a proof of concept for the agency's next phase litigation support platform; completed the historic onboarding of a full slate of new Commissioners – something that has not happened since the Commission's inception; deployed eOPF to staff; used its VERA/VSIP authority to reshape the FTC's workforce to ensure it is right skilled; deployed electronic onboarding; redesigned the FTC library for better utilization; and kicked off the Chairman's signature Hearings on Competition and Consumer Protection in the 21st Century as the agency assesses how best to proceed with competition and consumer protection law enforcement in the future.

FY 2019 PLANNED MANAGEMENT PRIORITIES

The FTC's management priorities emphasize the importance of mission-focused strategies in human capital, skills development, customer satisfaction, and continuous improvement of key processes. The priorities below include active projects identified to ensure continued progress.

- **OED Employee Experience and Talent Management:** focuses on leading, managing, and developing people. The FTC will work to recruit, retain, and develop a highly motivated, engaged, and successful workforce. In FY 2019, OED will continue to track goals related to employee satisfaction and engagement, diversity and inclusion, training, and telework. For 2019, for example, OED has embarked upon a pilot program with the agency's Diversity Council to make its Mentoring

Program available to all Bureaus and Offices that do not have formal mentoring programs.

- **Customer Experience and Operational Excellence:** focuses on customer satisfaction with the services OED offers. In FY 2019, OED will measure the satisfaction of our customers through the annual OED survey. Offices will develop action plans to address challenges and opportunities identified in the survey. In addition, there will be added focus on change management and ensuring the smooth transition to new systems.
- **Risk Management and Internal Controls:** helps to maintain effective and robust ERM practices. In FY 2019, OED will focus on proactively identifying and managing risks, ensuring internal policies and procedures are updated on scheduled timelines, and appropriately responding to any audit findings and corrective action plans.
- **Managing Priorities, Capacity, and Workload:** focuses on setting priorities and actively managing our resources and workload to achieve meaningful results. In FY 2019, among other things, OED will: migrate email and other office productivity tools to the cloud; issue new smart phones with greater functionality to staff; acquire and roll out the new agency litigation support system; deploy the USA Performance system agency-wide; acquire and deploy the FHR electronic, self-service retirement system for staff; acquire and deploy the USA recruitment system; acquire and deploy a new Learning Management System; evaluate whether to move the agency's core financial, payment, and travel systems to a new vendor(s); complete installation of the AIPhone at Regional Offices for greater security; re-negotiate leases for the San Francisco and Atlanta Regional Offices; downsize the agency's warehouse; modernize the agency's telework enabling technology; and continue the work of the OED PMO on lessons learned to improve utilization of OED resources and management of its work for the benefit of the agency.
- **Leadership Training and Development:** continues to be a priority at the agency, and the FTC will continue to provide options for employees to develop and strengthen their leadership skills and help the agency cultivate its current and future leaders. In FY 2019, the agency is adding the SkillSoft Leadership Advantage (SLA) series of training courses to its catalog. The SLA offers 41 learning tracks in the areas of developing yourself, developing your team, and managing your business. The courses will be available to all employees through the agency's Learning Management System. The SLA courses will be offered in addition to the Leadership Framework courses already available. Finally, the FTC will continue the intensive FTC Leadership Development Program, offered in partnership with the Excellence in Government Fellows Program provided by the Partnership for Public Service.

OIG MANAGEMENT CHALLENGES

The OIG identified two most serious management and performance challenges and three less serious challenges. A summary of management challenges, taken from the *FY 2018 OIG Report on the FTC's Most Serious Management Challenges*, follows. The entire report is available at <https://www.ftc.gov/about-ftc/office-inspector-general/oig-reading-room/reports-correspondence>.

FTC's Most Serious Management Challenges

1. Securing Information Systems and Networks from Destruction, Data Loss, or Compromise

Responsible Official: Executive Director, Office of the Executive Director; Chief Information Officer, Office of the Chief Information Officer

The FTC is continuing to address two significant areas of risk: legacy IT and availability of cybersecurity personnel. The FTC will also need to mitigate its IT risks by fully integrating privacy controls into security controls, thereby creating a consolidated and unified set of controls.

Key Milestones to Address this Challenge

- Q4 FY 2018 – Updated risk analysis for IT Modernization Plan
- Q4 FY 2018 – Documented risk acceptances for IT Modernization Plan

2. Addressing the Escalating Costs of Expert Witnesses

Responsible Official: Executive Director; Office of the Executive Director; Chief Financial Officer, Financial Management Office

The FTC is challenged with rising costs for expert witness contracts and must actively manage its investigative and litigation resources. Overcoming this challenge will be critical as the agency pursues larger and more complex cases. In the FTC's estimation, unpredictability surrounding the mix of scope and disposition of cases presents the greatest challenge to projecting costs for the expert witness program.

Key Milestones to Address this Challenge

- Q2-Q3 FY 2019 – staff will provide feedback to agency leadership on draft recommendations for adjustments to the program
- Q4 FY 2019 – staff will work with agency leadership to finalize recommendations and work with relevant stakeholders on implementation

Agency Watch List

The OIG has also established the following “watch list” of three issue areas that do not rise to the level of serious management and performance challenges, but nonetheless require management’s continued attentions

1. Development of a Risk Management Framework in Support of FISMA (formerly Maturity of the Agency’s Information Technology Governance Process)

Responsible Official: Executive Director, Office of the Executive Director; Chief Information Officer, Office of the Chief Information Officer

The OIG identified vulnerabilities and areas of weakness in the FTC’s information security program and developed recommendations for their mitigation, with nine recommendations within three of the five CyberScope cybersecurity functions. FTC has begun to address these conditions.

Key Milestones:

- Q4 FY 2018 – Update IT Risk Register
- Q4 FY 2018 – Finalize IT Risk Portfolio / IT Risk Management Plan

2. Acquisition Planning and Contract Management

Responsible Official: Executive Director, Office of the Executive Director; Chief Financial Officer, Financial Management Office

It is necessary for FTC leadership to prioritize resources in support of the effective acquisition of goods and services to meet many of the Commission’s most critical mission needs. Implicit in accomplishing this objective is having consistent, flexible acquisition practices that ensure that goods and services are available when needed, as well as a stable cadre of knowledgeable acquisition professionals to meet this growing need.

Key Milestones:

- Q3-Q4 FY 2019: Work with OGC to develop a process for legal review for acquisitions that meet identified conditions.
- Q4 FY 2019–Q1 FY 2020: Develop a policy that clearly identifies the documents required to be in contract files to constitute a complete history of the transaction.

3. Improper Influences by Former Officials and Employees

Responsible Official: General Counsel, Office of the General Counsel

The work of the FTC can be impeded by outsiders, including former officials and employees, who attempt to unduly influence the Commission’s investigative and policymaking processes and outcomes. Such influences can violate 18 U.S.C. § 207 and its guiding regulation (5 CFR Part 2641). The OIG has asked the FTC to maintain a continued awareness of the risk of potential violations of post-employment restrictions.

Key Milestones:

- None

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DESCRIPTIONS



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PROTECTING CONSUMERS

The FTC advances its goal of protecting consumers through five law enforcement areas (Privacy and Identity Protection, Financial Practices, Marketing Practices, Advertising Practices, and Enforcement), as well as through five additional functions (Litigation Technology and Analysis, Consumer Response and Operations, Consumer and Business Education, Economic and Consumer Policy Analysis, and Management). The FTC's seven regional offices also further this goal by bringing a variety of consumer protection cases within the five law enforcement areas and maintaining important contacts with state Attorneys General and other state and local consumer protection officials.

Budget by Activity (\$ in thousands)

	Fiscal Year 2019		Fiscal Year 2020	
	FTE	Dollars	FTE	Dollars
Privacy and Identity Protection	52	\$9,806	52	\$9,995
Financial Practices	76	14,350	76	14,561
Marketing Practices	127	24,158	127	24,408
Advertising Practices	71	13,447	71	13,637
Enforcement	44	8,258	44	8,408
Consumer Response and Operations	24	4,524	24	4,629
Litigation Technology and Analysis	32	19,632	32	19,773
Consumer and Business Education	20	6,655	20	6,739
Economic and Consumer Policy Analysis	8	1,446	8	1,446
Management	16	3,002	16	3,041
Subtotal Direct	470	\$105,278	470	\$106,637
Support	142	\$63,196	142	\$65,440
Total	612	\$168,474	612	\$172,077

Privacy and Identity Protection

The goal of Privacy and Identity Protection is to protect consumers' privacy, while balancing the benefits from the flow of information in our marketplace economy, and to help consumers prevent, mitigate, and remediate the damage caused by identity theft. This program uses a combination of law enforcement, consumer and business education, and policy initiatives to accomplish this goal.

- **Consumer Privacy and Data Security:** Privacy and Identity Protection leads nationwide efforts to protect consumers from unfair, deceptive, or other illegal practices involving the use and protection of consumers' information. Law enforcement under Section 5 of the FTC Act is a central part of this program, including cases in which companies have misrepresented how they use and share personal information they collect from consumers or failed to take reasonable steps to secure consumers' data. 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 prior to collection. 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. The FTC is currently reviewing public comments on the "Safeguards Rule" as part of its systematic review of all FTC rules and guides. Finally, as part of the EU-U.S. Privacy Shield Framework, the FTC has committed to take action against entities that misrepresent their participation in, or compliance with, the Framework. In addition to its enforcement efforts, the FTC issues reports and hosts workshops on general privacy, mobile privacy, Big Data, the Internet of Things, data brokers, and new technologies such as drones, smart TVs, and ransomware.
- **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:** The FTC serves as a centralized repository for consumer complaint, victim assistance, and education services on avoiding and responding to identity theft and is the leading source of this information for consumer assistance and law enforcement training. Consumers can report incidents of identity theft online or by phone, and the complaints are entered into the FTC's Consumer

Sentinel Network, which is accessible to domestic and international law enforcement partners. Additionally, the Commission also issues numerous education materials to help consumers protect themselves from identity theft and to deal with its consequences when it does occur. The FTC launched an improved version of IdentityTheft.gov (robodeidentidad.gov in Spanish), a free, one-stop resource people can use to report and recover from identity theft.

Financial Practices

Financial services play an important role in the daily lives of virtually all Americans. Financial Practices works to ensure financial services providers give truthful information, gain consumers' consent to charges, and abide by other basic rules, so that consumers can make better-informed decisions and that law-abiding companies operate on a level playing field.

- **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 student loan debt or 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, loan forgiveness, debt settlement, debt negotiation, and credit counseling. Victims often find themselves in even more dire financial straits than before engaging the services.
- **Lead Generation and Short-Term Lending:** Financial Practices protects consumers applying for short-term loans, by ensuring that lending companies do not gain an unfair competitive advantage by promising false loan terms and also by taking action against companies that sell consumers' sensitive loan application information (leads) to non-lenders, often without the consumers' knowledge or consent, subjecting them to potential fraud and misuse.
- **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 efforts to protect consumers from deceptive or unfair practices in auto purchasing, financing, and leasing transactions.
- **Financial Technology:** As new financial products emerge in the non-bank financial marketplace, Financial Practices has been examining these developments, reaching out to stakeholders, gathering information through public dialogue

and workshops, and bringing actions emphasizing that companies using new technologies must follow the same basic laws as traditional market participants, including by honoring promises to consumers and gaining consumers' consent to charges.

- **Student Loans and Education:** Consumers invest substantial time and money in education, often incurring steep debt. Financial Practices leads the FTC's enforcement efforts against deceptive and unfair practices in the education sector, including by taking action against high school diploma mills that charge consumers for worthless certificates, higher education institutions that deceive consumers about their employment and earnings prospects, and education lead generators that lure consumers into providing their personal information under false pretenses.
- **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.

Marketing Practices

Marketing Practices fights frauds that target consumers. Its enforcement priorities include scams with high-dollar losses and scams that target or disproportionately impact particular segments of the population, such as older consumers, veterans, and those at economic risk. Marketing Practices spearheads the FTC's efforts to address violations of the Do Not Call and Robocall Rules, and tackles online and high-tech fraud. The division also enforces the Commission's rules that prohibit spam and protect purchasers of franchises and business opportunities, funeral services, and certain products with warranties.

- **Fraudulent Schemes:** One focus of the FTC's fraud program is to stop scams harming people who seek to work independently or generate additional income, such as entrepreneurs, service people and veterans, and seniors on fixed incomes. The division targets fraudulent business opportunity and investment schemes, including coaching and mentoring scams, fraudulent multi-level marketing operations, and invention-promotion or similar scams. Marketing Practices also targets "imposter" schemes, where scammers impersonate government agencies or well-known companies to enhance the credibility of otherwise deceptive sales pitches. In addition, the division focuses on frauds that may prey disproportionately on certain communities, such as sham charitable fundraising and illegal lottery and prize promotions, which can be especially harmful to older consumers. Marketing Practices coordinates the FTC's work to reduce fraud through research and analysis into which communities are disproportionately impacted by certain scams and which population segments under-report fraud.
- **Telemarketing Fraud and Do Not Call:** Marketing Practices enforces the Telemarketing Sales Rule (TSR), including the TSR's Do Not Call and Robocall Rules, to halt abusive and deceptive telemarketing schemes. Working closely with state Attorneys General, other federal, state and international law enforcers, as well as private sector partners, Marketing Practices targets areas for law

enforcement, organizes enforcement sweeps, and helps publicize consumer and business education to combat telemarketing fraud and violations of the Do Not Call and Robocall Rules emanating from within the U.S. and overseas. Marketing Practices also has spearheaded innovation to spur development of technological tools that block unwanted calls and to advance the next generation of Caller ID Authentication.

- **Internet Fraud:** Marketing Practices leads the FTC’s law enforcement efforts to prevent and halt online fraud, including spyware and malware. Staff focuses on initiatives to keep pace with the latest Internet schemes, as well as undercover surveillance and rapid law enforcement response when fraudulent schemes are detected. Recent law enforcement initiatives have focused on “tech support” scammers, who tell consumers that their computers are infected with malware or have performance problems in order to sell them expensive online repair software to remedy the supposed infection or problem when, in reality, there are no problems with the consumers’ computers.
- **Facilitating Fraud:** Marketing Practices targets law enforcement against entities that facilitate fraud, such as “voice blasters” that assist illegal robocallers and payment processors that participate in fraudulent schemes by providing fraudsters with access to the banking or credit card systems, while helping the fraudsters avoid anti-fraud detection efforts.
- **Rule Enforcement:** In addition to enforcing the TSR, Marketing Practices enforces the Commission’s Franchise and Business Opportunity Rules, which require specific material disclosures in the marketing and sale of a franchise or a business opportunity. The division also enforces the CAN-SPAM Rule and the FTC’s interpretations of the Magnuson-Moss Warranty Act. It also 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 advertising regulation. Whether ads appear online, on television or radio, or in newspapers, magazines, or social media, 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, including Mobile Apps:** 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 educational materials to help companies understand claims substantiation requirements and 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, devices, and therapies to treat and prevent serious diseases and conditions such as cancer, dementia, arthritis, diabetes, and opiate addiction, and to achieve other health-related goals such as 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 not only perennial scams, but also scams “du jour,” and by bringing law enforcement actions. Other activities include conducting consumer education campaigns to assist consumers in recognizing fraudulent or deceptive health care and weight loss claims.
- **Endorsements, Search Results, and Native Advertising:** Advertising Practices enforces the basic principles, incorporated in the FTC’s Endorsement Guides, that endorsements must be truthful and cannot be misleading, and that material connections between advertisers and endorsers should be disclosed clearly. Based on the idea that consumers have a right to know when they are receiving a sales pitch, this principle similarly applies to social media marketing (including consumer-generated content), paid search results, and “native advertising” (the practice of blending advertisements with news, entertainment, and other editorial content in digital media). The FTC issued an Enforcement Policy Statement on Deceptively Formatted Advertisements, as well as an educational Business Guide on Native Advertising, addressing these issues. Advertising Practices engages in significant outreach to educate businesses, especially small businesses, about how to comply with the FTC Act when using endorsers, influencers, and online reviews (such as answering questions sent to Endorsements@FTC.gov).
- **Disclosures:** As a natural outgrowth of the agency’s Endorsement Guide update in 2009, Dot Com Disclosures update in 2013, and marketplace trends, Advertising Practices also has prioritized a review of inadequate price and other disclosures.
- **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 the Food and Drug Administration (FDA) as the 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.
- **Contact Lens and Eyeglass Rule Administration and Enforcement:** Advertising Practices enforces the Contact Lens and Eyeglass Rules, which require that contact

lens and eyeglass prescribers (optometrists and ophthalmologists) automatically provide patients with a copy of their prescriptions at the completion of a lens or eyeglass fitting. The Contact Lens Rule also prohibits lens sellers from providing lenses to customers without first verifying prescription information. Advertising Practices has brought a number of cases enforcing the Contact Lens Rule, has sent warning letters to numerous prescribers and sellers regarding possible Contact Lens Rule or Eyeglass Rule violations, and engages in ongoing business education. The FTC has initiated regulatory reviews of both rules to determine whether they should be modified, and held a workshop on the Contact Lens Rule in March 2018 to garner additional public input.

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 negative option initiative; and handles bankruptcy and collection matters 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 care instructions; 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.
- **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.

Litigation Technology and Analysis

Litigation Technology and Analysis plays a central role in BCP's investigation and litigation of consumer protection matters, including working with attorneys to assess litigation support needs, managing the technological tools used to conduct investigations and litigation, and evaluating and implementing emerging technologies. In an age of increasingly complex technology, staff needs access to the best tools available in order to investigate targets and marshal evidence. Litigation Technology and Analysis is responsible for various efforts and activities, including:

- **Digital Forensic Unit:** The Digital Forensic Unit conducts forensic examinations of digital media to identify, collect, analyze, and preserve electronically stored information for use in court.
- **E-Discovery Unit:** The E-Discovery Unit uses technological tools to process, organize, manage, and produce electronically stored information.

- **Forensic Accounting:** The Division’s forensic accountants analyze financial information to help locate assets and maximize the amount of money that can be recovered and returned to consumer victims.
- **Honors Paralegal Program:** The Division’s honors paralegals provide a wide range of assistance to BCP on investigations, litigation, and policy initiatives.
- **Tech Lab:** The Tech Lab provides BCP staff innovative tools to investigate targets, detect unfair or deceptive activity, capture evidence, and conduct research. The Lab’s stand-alone network is designed to allow BCP staff to replicate consumers’ experiences with desktop, mobile, and other devices.
- **Office of Technology Research and Investigation:** This Office conducts independent studies and investigations, identifies the consumer protection issues associated with new technologies, and provides technical expertise and training to BCP staff.
- **Technology Planning:** The Division’s staff analyzes and anticipates BCP’s technological needs in fulfilling its consumer protection mission.

Consumer Response and Operations

Consumer Response and Operations hears directly from consumers across the country and analyzes information to assist in targeting law enforcement and educational efforts, measures the impact of mission activities, and allocates resources.

- **Consumer Response Center:** The Consumer Response Center responds to 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 at www.ftc.gov, and postal mail. Information from complaints is entered into the FTC’s Consumer Sentinel Network and used to target law enforcement and consumer and business education activities.
- **Consumer Sentinel Network:** The Consumer Sentinel Network is the FTC’s secure website that provides approximately 2,300 law enforcement agencies worldwide with access to more than 16 million consumer fraud, identity theft, financial, and Do Not Call Registry complaints collected during the past five years. Every year the FTC publishes a report of the top consumer complaints received, including a break out of complaint data on a state-by-state basis.
- **National Do Not Call Registry:** The National Do Not Call Registry is the mechanism through which consumers can elect to avoid receiving 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 234 million active telephone number registrations.
- **Data Analysis Team:** The Data Analysis Team performs analytical research and reports on data consumers report to the FTC. The Data Analysis Team also pro-

vides analytical support to the Bureau's law enforcement efforts through collecting, refining, and analyzing data in support of litigation and investigative efforts.

- **Office of Claims and Refunds:** The Office of Claims and Refunds (OCR) is responsible every year for distributing millions of dollars of refunds obtained as a result of FTC lawsuits. For example, from July 2017 through June 2018, the FTC returned more than \$174 million to consumers, and sent an additional \$14 million to the U.S. Treasury.
- **Operations:** Operations oversees and supports budget and performance measurements, including strategic planning for the Bureau; oversees and supports procurement efforts on behalf of the Bureau; monitors and reports on human capital management to the Director's Office; and works closely with the other Bureau divisions to ensure administrative and resource needs are met.

Consumer and Business Education

Consumer and Business Education runs creative national campaigns to educate consumers about their rights and businesses about their responsibilities. It applies skill in communications, design, and building partnerships to solve consumer protection problems.

- **Outreach to Consumers and Businesses:** Consumer and Business Education creates print and online consumer and business education material in partnership with other divisions in the Bureau of Consumer Protection and participates in hundreds of outreach events including webinars, trainings and presentations. It publishes hundreds of blog posts in English and Spanish and sends free email alerts to more than 400,000 subscribers. Consumer and Business Education manages the FTC's bulk publication ordering website (ftc.gov/bulkorder), through which about 13,000 organizations a year, including police, libraries, schools, banks and congressional offices, order material to distribute in their communities. In FY 2017, the FTC distributed 14.5 million pieces of consumer education through the bulkorder site.
- **IdentityTheft.gov:** The Divisions of Consumer and Business Education and Consumer Response and Operations continue to operate IdentityTheft.gov (robo-identidad.gov in Spanish), an innovative website where identity theft victims can report identity theft, create user accounts, and get detailed, custom recovery plans based on their experiences. The mobile- and tablet-accessible site lets identity theft victims create the documents they need to alert police and credit bureaus; in 2018, the site expanded to let victims of tax-related identity theft report the crime to the IRS directly through the website. More than 773,000 victims have created personalized recovery plans since January 2016. In FY 2016 and 2017 combined, Consumer and Business Education provided more than ten million pieces of identity theft education material in print.
- **Outreach to Military Service Members:** Consumer and Business Education developed and manages the Military Consumer campaign with the U.S. Department

of Defense, the Consumer Financial Protection Bureau, and Military Saves. The campaign addresses unique challenges of military life that often make military families targets for scammers. Service members and their families can use the campaign website (MilitaryConsumer.gov) as a tool for financial readiness. Campaign resources explain how to avoid scams, protect personal information and make wise buys to become financially solid and mission-ready. The site also gives financial counselors slides and talking points to use when advising the military community.

- **Kids' Online Safety & Cyberbullying:** Consumer and Business Education developed the Net Cetera (ftc.gov/netcetera) campaign to teach kids and parents how to stay safe online. The campaign is informed by ideas from internet safety, child development, cyberbullying, and public health experts. Consumer and Business Education has distributed more than thirteen million free copies of the campaign's flagship guide for parents, *Net Cetera: Chatting with Kids About Being Online*, to schools, school districts, law enforcement, libraries and other community organizations nationwide.
- **Pass It On:** The Pass It On campaign (ftc.gov/PassItOn and ftc.gov/Pasalo in Spanish), tailored to people age 65+, is a research-based campaign to share information about fraud and encourage readers to share the information with a friend. The campaign includes engaging videos and a collection of print and online material in English and Spanish about current frauds, including identity theft and imposter scams. Material builds on and refreshes readers' knowledge by briefly summarizing how certain scams work and what people can do in response. Nearly nine million pieces of Pass It On educational material have been distributed.
- **Data Security:** In 2017, Consumer and Business Education updated its popular Start with Security business outreach campaign (ftc.gov/StartwithSecurity). Start with Security includes print and online guides and a series of educational videos that help businesses protect customer data; the 2017 update, *Stick with Security*, gives additional insights into the ten Start with Security principles, based on the lessons of more recent cases. In 2017 and 2018, FTC staff presented at a five-webinar series sponsored by the National Cyber Security Alliance (NCSA) on the National Institute for Standards and Technology (NIST) Framework Principles, as well as NCSA webinars on ransomware, business email compromise and web-hosting. FTC staff also spoke about data security to groups from the National Association of Tax Professionals, the National Association of Theater Owners, the American Escrow Association, the International Association of Privacy Professionals and many others.
- **Business Education:** Consumer and Business Education manages the FTC's online business education website (business.ftc.gov), and publishes hundreds of blog posts annually for business people, attorneys, and other professionals. Consumer and Business Education issued new or significantly-revised business guidance

on Endorsement Guides, the Used Car Rule, scams targeting small business, data security and cybersecurity, safer coding practices, and online charitable giving.

- **Small Business:** Consumer and Business Education built the [FTC.gov/SmallBusiness](https://www.ftc.gov/smallbusiness) site and related outreach to help small business owners avoid scams and protect their networks from cyberattacks and other threats. The site has videos, articles, blog posts, and other resources to help small business owners learn and train their employees. To learn about the unique challenges of small businesses, the FTC worked with the Small Business Association (SBA) and National Cybersecurity Alliance to host a series of cybersecurity roundtables. The results are summarized in a staff perspective, *Engage, Connect, Protect: The FTC's Projects and Plans to Foster Small Business Cybersecurity*, and feed directly to a new Cybersecurity for Small Business education campaign launching in 2018, in partnership with SBA, NIST and the Department of Homeland Security. 2018 also saw a new guide, *Scams and Your Small Business*, which describes common scams and the steps businesses can take, and has been promoted through SBA's Small Business Development Centers and the Better Business Bureau.
- **Partnerships with Law Enforcement:** Consumer and Business Education establishes partnerships with attorneys general, law enforcement, and consumer protection advocates who share FTC information with their constituents and communities. Consumer and Business Education also manages National Consumer Protection Week, an annual collaboration with local, state, and national groups that highlights consumer education and fraud prevention. Campaign partners include consumer protection, law enforcement, regulatory, aging, non-profit, and education groups nationwide.

Economic and Consumer Policy Analysis

Staff conducts economic and consumer policy analysis to provide the Commission and other policy makers with information to assess and formulate consumer protection policy. This work includes economic research 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.

- **Consumer Research and Data Development:** To advance the development of sound policy, economic and consumer policy analysis supports data and research projects analyzing how marketing claims and policies affect consumers' and firms' decisions. Past studies examined the effects of different types of disclosures on consumer understanding of "recycled content" and "organic" claims for non-food products.
- **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 under-

standing of proposed Real Estate Settlement Procedures Act mortgage disclosure forms, the debt buyers industry, and credit reporting accuracy. The program also supports consumer surveys, such as those measuring consumer susceptibility to fraud, and workshops with outside experts in relevant areas, such as research roundtables on individualized pricing, privacy and data security, and the sharing economy.

- **Economic Support of Consumer Protection Advocacy:** Bureau of Economics staff also provides input for comments to other federal agencies on issues related to consumer protection goals. In the past, they have supported the development of comments to the FDA on food labels and direct-to-consumer prescription drug advertising. More recently, comments included those sent to the FDA on homeopathy, to the Federal Reserve Board on rules and regulations regarding subprime loans, and to the Consumer Financial Protection Bureau and the Department of Housing and Urban Development on various changes in mortgage disclosure documents.

Other Direct Functions

Several other functions within the Consumer Protection Mission directly support our primary law enforcement work, including:

- **Employee Development and Training:** Through its Employee Development and Training Program, the FTC ensures that staff receives the training necessary to perform their jobs. BCP provides training through ongoing best practices seminars and lectures on topics such as the First Amendment, case law developments, and case-specific skills. BCP also sponsors periodic seminars for investigators, and provides technical trainings throughout the year. In addition, BCP offers a mentoring program to staff. Staff also participates in the FTC Agency-Wide Diversity Council.
- **Recruiting:** The Bureau of Consumer Protection, in coordination with the Human Capital Management Office, conducts outreach to dozens of law schools and attends several recruiting events to select summer legal interns. Some of these interns receive offers of permanent employment as entry-level attorneys. In addition, the Bureau recruits lateral attorneys and other staff as needs arise.
- **Administrative Support:** Staff in the Director's office provide support to senior Bureau management to ensure all administrative needs are met, such as arranging travel, tracking the Bureau's accomplishments, scheduling internal and external meetings, maintaining a log of current cases, and interacting with callers and visitors.

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PROMOTING COMPETITION

The FTC promotes competition through five primary law enforcement activities (Premerger Notification, Merger and Joint Venture Enforcement, Merger and Joint Venture Compliance, Nonmerger Enforcement, and Nonmerger Compliance) augmented by Antitrust Policy Analysis and other direct functions.

Budget by Activity (\$ in thousands)

	Fiscal Year 2019		Fiscal Year 2020	
	FTE	Dollars	FTE	Dollars
Premerger Notification	18	\$3,432	18	\$3,531
Merger and Joint Venture Enforcement	202	38,047	202	38,859
Merger and Joint Venture Compliance	11	2,084	11	2,142
Nonmerger Enforcement	127	24,067	127	24,622
Nonmerger Compliance	1	191	1	197
Antitrust Policy Analysis	26	5,286	26	5,286
Other Direct	20	3,759	20	3,853
Subtotal	405	\$76,866	405	\$78,490
Support	123	\$60,977	123	\$61,733
Total	528	\$137,843	528	\$140,223

Premerger Notification

Many mergers and acquisitions are either procompetitive or competitively neutral, but mergers that substantially reduce competition can raise costs to consumers by resulting in higher prices and reducing the output of goods and services. Anticompetitive mergers also can inhibit innovation, lead to diminished product quality, and restrict consumer choice. To identify potentially anticompetitive mergers, the FTC relies primarily on the premerger notification program codified in the Hart-Scott-Rodino (HSR) Act, which requires entities meeting certain thresholds to file notifications with the FTC and the Department of Justice and to wait a prescribed period before consummating their transactions. This waiting period provides the antitrust enforcement agencies an opportunity to prevent potentially anticompetitive mergers before they occur. In addition, the FTC reviews news publications, industry research, and customer complaints to identify potentially harmful mergers not subject to the HSR reporting requirements. To distinguish between mergers that threaten competitive markets and those likely to promote competition or be competitively neutral, the FTC conducts a thorough factual investigation coupled with economic analysis to assess the likely effects on competition.

The FTC's Premerger Notification Program supports effective and efficient competition enforcement by:

- **Facilitating Compliance with HSR Requirements:** The FTC's Premerger Notification Program provides information and guidance to ensure that parties to transactions understand when a filing is required and the type of information that they must supply under the HSR Act. In addition to written materials, the Premerger Notification Office (PNO) answers questions from individuals and organizations to improve the level, completeness, and accuracy of HSR filings.
- **Providing Rapid Initial HSR Review:** Mergers reported under the HSR Act vary tremendously in their complexity and potential for anticompetitive effects. In the majority of cases, the agency can make a reasonable judgment about whether a merger is potentially anticompetitive within a few days based on information provided in the HSR filing. To identify potentially anticompetitive transactions, the PNO prepares a summary description and a preliminary antitrust analysis of reported transactions. Summaries are then reviewed by the Bureau of Competition's litigation divisions, the Bureau of Economics, and the Merger Screening Committee, which includes participants from both Bureaus and convenes regularly to consider which matters require further action. For transactions that are unlikely to harm competition, the PNO, in conjunction with DOJ, may grant early termination of the HSR waiting period, if requested by the parties to the transaction.
- **Coordinating with the Antitrust Division of the Department of Justice:** The FTC administers the HSR Program for itself and the Antitrust Division of the Department of Justice, which share authority to challenge anticompetitive mergers. The PNO shares transaction information with the Antitrust Division and

works with the Antitrust Division to ensure that the two agencies consistently and uniformly apply Premerger Notification Rules. The agencies use a “clearance” process to ensure that only one agency initiates an investigation 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 in the markets relevant to the proposed transaction.

- **Minimizing the Burden on Business:** The Premerger Notification Program strives to minimize the burden on filing parties while fulfilling the competition enforcement responsibilities of the FTC and the Antitrust Division. To that end, the FTC periodically develops and recommends improvements to the HSR rules and procedures.

Merger and Joint Venture Enforcement

As noted above, anticompetitive mergers or joint ventures can harm consumers significantly by raising prices, reducing output, reducing product quality, restricting consumer choice, or inhibiting innovation. The Merger and Joint Venture Enforcement Program seeks to prevent these effects in any market in which the FTC has reason to believe a merger is likely to substantially lessen competition, particularly in sectors of the economy that are important to consumers such as health care (including pharmaceuticals), energy, technology, and retail goods and services.

For some transactions, it is possible to craft narrowly-tailored remedies, such as the divestiture of a business unit of one of the merging companies, that prevents injury to competition but allows other aspects of the transaction to proceed. In these instances, the Commission may agree to settle charges that the acquisition is likely to substantially lessen competition by issuing an order requiring divestiture and other relief. In other instances, the Commission may seek to prevent the likely harm by blocking the merger in court 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: Does the merger create or enhance the ability of the remaining firms to raise prices, reduce output, diminish innovation, or otherwise harm customers as a result of the elimination of competition from the merger? Is it likely to increase barriers to entry or expansion? The FTC uses a three-tiered approach to merger enforcement:

- **Identify Potentially Anticompetitive Mergers:** As described above, a Merger Screening Committee – a committee that includes participants from both the Bureaus of Competition and Economics – convenes regularly to consider which matters require further action.
- **Prevent Anticompetitive Mergers:** The most effective and cost-efficient strategy for protecting consumers from acquisitions that may substantially lessen competition is to prevent the harm from occurring. The FTC uses its authority under Section 13(b) of the Federal Trade Commission Act to enjoin anticompetitive

mergers pending an adjudicative proceeding. Often, the FTC is able to address potential harm to competition through negotiated settlements or the parties' voluntary restructuring or abandonment of a transaction, resulting in a consent order that requires divestitures to preserve competition in the markets affected by the merger. Where these methods are inappropriate or unavailable, the FTC relies on its administrative process to adjudicate the violation of law and restore competition lost in a consummated merger. Whether achieved by consent or in an administrative proceeding, the most common remedy for a merger involving horizontal competitors is divestiture of the assets necessary to preserve or restore competition; in other instances, such as mergers involving vertically related firms, the FTC may also use behavioral remedies to prevent competitive harm.

- **Educate Public About Anticompetitive Transactions:** To enhance the FTC's ability to deter future anticompetitive merger and acquisition activity, the agency strives to increase public awareness of the benefits of competition and the factors the FTC considers as it determines whether to take law enforcement action. The Commission explains its decisions and makes public facts underlying FTC actions to provide companies with the information needed to evaluate the likelihood that similar transactions may also violate the law. In specific matters, the agency issues public statements, including analyses to aid public comment, complaints, and closing statements, to explain why the FTC decided not to challenge a merger. The FTC also strives to promote transparency in its analysis by releasing guidelines and policy statements to help businesses comply with the antitrust laws.

Merger and Joint Venture Compliance

The Merger and Joint Venture Compliance program designs and implements Commission merger remedies via consent orders and monitors compliance with order provisions.

- **Implementation of Agreements and Orders:** The Merger Compliance Program ensures that merger order provisions are sufficient to retain or restore competition in the relevant markets, and enforces their faithful and timely implementation. Compliance staff work with merger enforcement staff, merging parties, and buyers to ensure that the Commission's orders are properly drafted and that divestiture packages are adequate to maintain or restore competition in the markets affected by the merger. When the divestiture of assets is delayed, the competitive viability of the assets often declines. To avoid delay, the FTC seeks either "up-front" buyers or order provisions that limit the time within which divestiture must be completed.
- **Monitor Compliance:** Staff closely monitors compliance with order provisions and, where necessary, recommends that fallback order provisions be invoked, such as trustee-managed divestiture, the divestiture of larger asset packages, or civil penalty actions. Civil penalty actions entail investigation and, where necessary, federal court litigation. Merger Compliance includes monitoring compliance with behavioral order provisions such as bans on the dissemination of competi-

tively sensitive information or requirements to seek approval for, or give notice before, completing specified future mergers or acquisitions.

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

Nonmerger Enforcement

Antitrust enforcement supports free and open markets by preventing business practices that restrain competition or erect barriers to new competitors. To this end, the Commission monitors business practices that make it more difficult for other firms to enter the market or that enable existing competitors to collude. For instance, the FTC has challenged agreements between branded and generic pharmaceutical companies to delay lower-priced generic entry, as well as firms' use of their dominant market positions to exclude competition, deprive consumers of choice, or suppress innovation.

The FTC challenges a wide variety of business practices that may harm consumers by allowing firms to raise prices beyond competitive levels, or to reduce output, quality, innovation, or consumer choice. The practices the FTC challenges fall in to three broad categories: horizontal restraints, distributional restraints, and unilateral conduct. Identifying and proving these types of violations requires legal and economic analysis and thorough factual investigation to distinguish between conduct that may threaten the operation of open and competitive markets and conduct that promotes and advances their operation and efficiency.

- **Horizontal Restraints:** The horizontal restraints component of Nonmerger Enforcement looks at anticompetitive agreements between and among competitors. Horizontal restraints, such as price-fixing, bid-rigging, or market allocation, 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 can be procompetitive and even essential, under certain market conditions, such agreements can restrain competition that otherwise benefits consumers, without a legitimate business justification.
- **Distributional Restraints:** Restraints on the distribution of goods from manufacturers to consumers can facilitate horizontal collusion, or restrict channels of distribution in ways that allow a firm with market power to exclude new competitors, leading to higher prices, reduced price-adjusted quality, or fewer choices. Under certain circumstances, potentially unlawful distributional restraints may include agreements restricting prices or other terms of resale, or agreements restricting the sale or purchase and distribution of goods from firms other than the parties to the agreement.
- **Single Firm Violations:** A single firm with market power may not use tactics to attain or maintain a monopoly position by excluding new competitors that could

challenge its monopoly and provide beneficial competition. While neither the possession of market power, nor the attempt to achieve it are unlawful, obtaining, increasing, or maintaining market power by unreasonably 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 unlawfully created or maintained through conduct that would injure long-term consumer welfare. A principal challenge with this enforcement activity is to distinguish improper conduct from vigorous and innovative competition.

- **Strategy:** The FTC primarily relies on strategies of investigation and law enforcement to deter anticompetitive conduct and encourage voluntary compliance with antitrust laws. 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 relating to anticompetitive conduct.

Nonmerger Compliance

As in its Merger Enforcement Program, the Commission obtains orders in its Nonmerger Enforcement Program to stop harmful conduct and prevent its recurrence. Crafting appropriate orders and monitoring 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, nonmerger order provisions are generally prohibitive, requiring a party to “cease and desist” from specified conduct. Behavioral remedies can be quickly implemented once an order is entered and emphasis is placed on enjoining anticompetitive conduct before it can cause significant and potentially irreparable harm. When appropriate, the Commission may also obtain equitable monetary remedies in federal court, such as disgorgement of ill-gotten gains, in order to deprive wrongdoers from deriving benefits from their illegal conduct.

- **Implementation of Agreements and Orders:** Staff draws on its extensive experience as well as discussions with the parties and affected third parties to craft relief that will be effective in deterring anticompetitive conduct while permitting pro-competitive conduct to continue.
- **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 other industry participants, and investigation of suspected order violations.
- **Relief:** Violations of nonmerger orders may be addressed by federal court litigation seeking civil penalties and other relief.
- **Review Petitions to Modify Orders:** From time to time, parties under order submit petitions seeking modification or termination of all or part of their orders, often due to new market dynamics or other changes in circumstances. The FTC’s

Nonmerger Compliance staff reviews these petitions to assess their impact on competition and makes recommendations for Commission action accordingly.

Antitrust Policy Analysis

Staff conducts 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 completion of economic and other research that improves the agency's understanding of markets and enables the FTC to identify markets and circumstances in which law enforcement actions would make the greatest impact. The Antitrust Policy Analysis program 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 and Qualitative Studies of Competition in Markets:** The FTC conducts empirical studies, engages in research, and holds workshops and other public events to help the agency better understand how competition benefits consumers in different markets and contexts. These activities also enable the FTC to bring together industry, economic, and legal experts to assess competition policy challenges in specific sectors of the economy.
- **Reports and Policy Papers:** The FTC issues reports and policy papers discussing the application of antitrust principles to various markets of great importance to consumers such as health care, energy, and technology.
- **Competition Advocacy:** To promote sound competition policy and share the agency's significant expertise in competition analysis, the FTC staff often responds to invitations to comment on the competitive effect of proposed laws, rules or regulations before federal, state, or local governments, as well as self-regulatory bodies.
- **Economic Support of Competition Advocacy:** Bureau of Economics staff provide input in the development of advocacy comments before governmental or self-regulatory bodies to promote sound competition policy when designing and implementing regulatory frameworks.

Other Direct Functions

Several other functions within the Competition Mission directly support our primary law enforcement and competition policy work, including:

- **Recruiting:** The Bureau of Competition, in cooperation with the Human Capital Management Office, the Equal Employment Opportunity and Workplace Inclusion Office, and other offices in the FTC, conducts interviews at over a dozen law schools and legal recruiting fairs each year to identify and select entry-level attorneys and legal interns. The Bureau also recruits 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 the training necessary to do their jobs. Hallmarks of the training program are the Bureau of Competition Training Council’s seminar series, the semi-annual in-house training sessions for summer interns and first-year attorneys, and the Bureau of Competition Mentoring Program. Staff also participates in the FTC Agency-Wide Diversity Council.
- **Investigation, Litigation Support, and Electronic Filing:** Investigation and Litigation Support staff are responsible for processing and loading all document productions received during the course of investigations and litigation. This group develops standards for documentary productions and data submissions and uses appropriate technological solutions to ensure Commission staff have timely access to this information.

Related to this activity, the agency is exploring options to implement an effective electronic filing system for premerger filings received under the HSR program. Such a system would allow merging parties to submit required HSR Notification and Report Forms electronically. Once an electronic form were processed, it would be accessible by the reviewing agencies via a shared database. Electronic filing would provide faster processing time, improved data entry, and reduced costs for both the enforcement agencies and filing parties.

- **Information Systems Management:** The Bureau of Competition’s Information Systems Management staff manages the records systems necessary to report on the work of 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 the development of intranet resources for staff.
- **Liaison with State Officials:** FTC staff and management coordinate antitrust activities and enforcement with state Attorneys General, including training, consultations, and joint investigations of potentially anticompetitive mergers and business practices, to the extent allowed by applicable laws.

SUPPORT

Support consists of management and support activities within the FTC to foster and help achieve the agency's goals of Protecting Consumers and Promoting Competition.

Budget by Activity (\$ in thousands)

	Fiscal Year 2019		Fiscal Year 2020	
	FTE	Dollars	FTE	Dollars
Commissioners	40	\$7,096	40	\$7,096
Office of the General Counsel	50	9,025	50	9,025
Office of the Secretary	10	1,697	10	1,697
Office of Administrative Law Judges	5	846	5	846
Office of the Executive Director	133	99,742	133	102,742
Office of Congressional Relations	6	974	6	974
Office of Public Affairs	11	2,584	11	2,584
Office of Inspector General	7	1,640	7	1,640
Office of Equal Employment Opportunity	3	569	3	569
Total Support	265	\$124,173	265	\$127,173
Allocation of Support				
Protecting Consumers	142	\$63,196	142	\$65,440
Promoting Competition	123	60,977	123	61,733
Total Support	265	\$124,173	265	\$127,173

Commissioners

The Commissioners are responsible for ensuring the effective and efficient execution of the FTC's Congressionally mandated mission. They formulate Commission policy, which guides and directs the staff's work; authorize enforcement actions; 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 (OPP) conducts research, develops policy recommendations, and generates written comments and reports on a variety of competition and consumer protection issues. OPP staff research and analyze emerging issues relating to competition in a variety of industries, including issues at the intersection of competition and intellectual property, in order to enrich the Commission's expertise and inform enforcement decisions involving novel or complex legal issues. OPP staff frequently work directly with case teams on enforcement matters. OPP advocates for robust competition and consumer protection policies in a variety of federal and state venues by analyzing the competitive ramifications of certain legislative, regulatory, and other policy approaches, making recommendations on how certain policy choices may enhance or impede competition, gathering evidence to identify competitive problems and evaluate how best to address emerging competitive issues, and providing legal and economic analysis upon request. Where appropriate, OPP staff coordinates the FTC's advocacy role with other governmental entities.

OPP staff frequently obtains public input from businesses, consumer groups, academics, and other outside sources through a variety of informal and formal means, including discussions with stakeholders, fact-gathering workshops, roundtable policy discussions, and studies conducted pursuant to the FTC's Section 6(b) authority.

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 regarding certain matters 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. OGC defends actions seeking judicial review of Commission orders and trade regulation rules, handles both offensive and defensive appeals of Commission actions seeking preliminary and permanent injunctive relief.

OGC 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 (DOJ) in defending cases brought to enjoin or

otherwise challenge agency action, or to obtain monetary damages against the FTC or its personnel. OGC also furnishes advice and assistance concerning other litigation activities, prepares amicus curiae briefs authorized by the Commission.

- **Legal Counsel:** In its counseling capacity, OGC provides confidential legal guidance to the Commission on a wide range of procedural and substantive issues in adjudicative matters, working to ensure that the agency's adjudicatory process is efficient and fair. 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.

OGC handles a number of matters related to confidentiality and access to information. OGC administers the agency's Freedom of Information Act program, advises on sharing and protecting confidential information submitted to the Commission, and administers requests by state, federal and international law enforcement agencies for access to non-public documents. OGC assists with briefings of Congressional committees and sub-committees, assists in preparing testimony for Congressional hearings, analyzes proposed legislation affecting the agency, and responds to Congressional requests for agency documents.

- **Ethics and Professional Responsibility:** OGC 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, determining whether former employees may appear in Commission proceedings, and providing reports to the Office of Government Ethics.
- **Opinion and Analysis:** OGC assists the Commission in drafting opinions and provides all necessary support for the Commission's adjudicatory functions. Staff provides the Commission with an analysis of complex legal issues and contributes advice and drafting assistance on cutting-edge topics related to the FTC's adjudicatory responsibilities.
- **Employment, Labor, and Appropriations:** OGC advises agency staff on personnel, labor-management relations, equal employment opportunity, procurement law, and appropriations law matters. OGC represents the FTC in legal proceedings before such agencies as the Merit Systems Protection Board, the Federal Labor Relations Authority, the Equal Employment Opportunity Commission, and the General Services Board of Contract Appeals.
- **Energy:** OGC is involved in most aspects of the FTC's energy-related work, with primary emphasis on two major areas: crude oil/petroleum products/natural gas and the electric power industry.

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, consumer protection, and privacy laws and agencies continues to grow, the FTC must increasingly address interna-

tional issues to fulfill its competition and consumer protection objectives on behalf of American consumers.

OIA's work comprises three areas: supporting the FTC's consumer protection and competition case teams with respect to international issues in investigations and cases; building mechanisms for international enforcement cooperation; and working with other nations and international organizations to promote sound competition and consumer protection policies. This work includes providing technical assistance to enable developing competition and consumer protection agencies to obtain the legal and economic skills necessary to adopt and implement sound policies to incorporate into their enforcement, including in cross-border matters.

- **Competition:** 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 that many FTC cases involve parties based outside the United States, evidence located abroad, or matters under parallel review by foreign competition agencies. Pursuant to formal cooperation agreements 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 fair procedures, sound analysis, and enforcement that leads to compatible outcomes.
 - » **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. In the International Competition Network (ICN), the FTC is a key member of the organization's Steering Group, and co-chairs the Merger Working Group, leading projects to develop recommended practices for merger notification and analysis and practical guidance on merger investigative techniques. It also leads project teams on online training and implementation of ICN work product, such as the ICN's guidance on due process in antitrust investigations. The FTC is also active in the Competition Committee of the Organization for Economic Cooperation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), and regional organizations such as the Asia-Pacific Economic Cooperation (APEC), in all of which the agency shares U.S. experience with a view to building consensus on sound antitrust policy.
 - » **Working Within the U.S. Government:** The FTC works with U.S. government agencies bilaterally and in intergovernmental fora to address competition-related issues, e.g., as members of the North Atlantic Free Trade Agreement negotiating team and as part of interagency groups that address issues that arise in antitrust enforcement by China, Korea, and other countries.

- » **Guidance:** The FTC also provides transparent guidance to the business community on our international antitrust enforcement policies, most recently via the joint FTC/DOJ revised Antitrust Guidelines for International Enforcement and Cooperation.
- **Consumer Protection:** OIA helps the FTC accomplish its consumer protection and privacy goals by supporting the FTC’s investigations and cases with international dimensions, building international enforcement cooperation mechanisms, 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:** In 2006, Congress gave the FTC powers to combat cross-border consumer fraud 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, along with existing mechanisms, to pursue cross-border wrongdoers robustly and effectively. Congress reauthorized the Act in 2012, and the FTC has continued to expand its use of the Act’s tools. The FTC will seek Congressional support to preserve this important authority before the Act sunsets in 2020.

The FTC also works closely with a range of Canadian and other foreign consumer protection, privacy, telecommunications and criminal enforcement authorities in other countries on advertising, telemarketing, Internet fraud, and privacy and data security investigations and cases. The FTC is a leader in the International Consumer Protection Enforcement Network (ICPEN), a global network of more than 60 consumer protection authorities that aims to protect consumers from fraudulent, deceptive, and unfair commercial practices around the world by sharing information about cross-border issues and encouraging global cooperation among law enforcement agencies. ICPEN also manages econsumer.gov, its online cross-border complaint site, and co-leads the International Mass Marketing Fraud Working Group, which includes civil and criminal law enforcers from around the world who have developed new enforcement cooperation projects focused on sweepstakes fraud and India-based call center fraud. The FTC also co-chairs the Unsolicited Communications Enforcement Network (UCE-NET, formerly the London Action Plan) and serves on the governing committee of the Global Privacy Enforcement Network (GPEN), a network of nearly 70 privacy enforcement

authorities from 50 jurisdictions. The agency works closely with regional consumer protection networks in Asia, Africa, and Latin America. The agency also has entered into several memoranda of understanding on enforcement cooperation on consumer protection and privacy-related matters with foreign counterparts.

- » Promoting Sound Consumer Protection Policies: OIA advocates for vigorous enforcement of the key rules that protect consumers from significant harm, including fraud, deception, and unfair practices in the global marketplace, through its policy work in international organizations such as the Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). The FTC also works closely, in collaboration with the Department of Commerce, on mechanisms that protect consumer privacy and facilitate cross-border data flows such as the EU-U.S. Privacy Shield, the Swiss-U.S. Privacy Shield, and the Asia-Pacific Economic Cooperation (APEC) Cross Border Privacy Rules system.
- **International Training Assistance:**
 - » 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.
 - » Investigative Training: The FTC provides short-term training in investigative skills to staff of foreign agencies. 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.
 - » International Staff Exchanges: The FTC has established an International Fellows and Interns program that has enabled foreign competition, consumer protection, and privacy agency staff to work alongside their FTC counterparts, and an FTC staff exchange program. These programs implement the U.S. SAFE WEB Act's authorization of exchanges with foreign antitrust and consumer protection agencies. Over the years, the FTC has hosted 111 International Fellows and SAFE WEB Interns from 38 jurisdictions, including Argentina, Australia, Barbados, Brazil, Canada, Chile, China, Colombia, the European Union, France, Honduras, India, Israel, Mexico, Nigeria, Pakistan, South Africa, South Korea, Switzerland, Turkey, the United Kingdom, and Vietnam. In addition, FTC staff have participated in outbound exchanges with the competition agencies of Canada, the European Union, and the United Kingdom.

Office of the Secretary

The Office of the Secretary supports the Commission by implementing, processing, and advising the Commission and its staff on Commission voting and other decision-making procedures.

The Office creates official records of all Commission deliberations and actions taken. The Office also reviews, and the Secretary signs or otherwise validates, all official documents approved or authorized by the Commission. 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 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 the Commission's 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 more than 150 volumes covering the period from 1914 to 2015, which have recently been placed on the Commission website at www.ftc.gov.

Office of Administrative Law Judges

The Office of Administrative Law Judges performs the initial adjudicative fact-finding in Commission administrative complaint proceedings, guided by statutes, precedent, and rules of practice. The Administrative Law Judge holds pre-hearing conferences, resolves discovery, evidentiary and procedural disputes, and conducts full adversarial evidentiary hearings. The judge's Initial Decision sets out relevant and material findings of fact with record citation, explains the 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 proceeding recommends a 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, payment of invoices, development

and maintenance of financial policies, ongoing assessment and monitoring of internal controls, implementing and maintaining financial systems, accounting and reporting of financial transactions, and oversight of the FTC's travel management, strategic planning, enterprise risk management, and performance management activities. FMO staff collaborate with Congress, the Office of Management and Budget (OMB), the Department of the Treasury, and other federal agencies to accomplish government-wide goals.

Key FMO activities include:

- » Advising senior management on budget development, justification, execution, and review; working with OMB and Congressional staff to obtain appropriations and subsequent apportionment authority; distributing enacted and Commission-approved resources to agency organizations and projects; and tracking agency resources.
- » Conducting financial oversight and analysis to support the recording of financial transactions in the accounting system; paying invoices for purchases and services performed for the FTC; reconciling the agency's general ledger; reporting assets managed by the FTC, including accounts receivable from court orders, judgments, and receiverships; and reconciling balances with those maintained by Treasury and OMB.
- » Reporting the agency's financial information to Treasury; preparing the consolidated financial statements; and producing the annual Agency Financial Report.
- » Managing the FTC's acquisition activities of goods and services on behalf of the Bureaus and Offices; providing guidance and assistance with all aspects of the requisition process, including statements of work, requests for proposal, contract preparation, award, and administration; and training the agency's Contracting Officer Representatives.
- » Managing the FTC's enterprise risk management and internal control program by continuously identifying and documenting risk related to achieving the agency's strategic goals and objectives and assessing the adequacy of financial and operational program internal controls, identifying needed improvements, taking corresponding corrective actions, and reporting annually on the condition of the agency's internal controls.
- » Managing the FTC's Oracle-based financial system through an integrated financial system that includes payroll, travel management, and acquisition lifecycle systems.
- » Issuing the FTC's financial policies to implement laws and high-level government-wide requirements and policies (e.g., OMB Bulletins and Circulars).
- » Managing and administering the federal purchase and travel card programs.

- » Managing all components of the agency's E-Travel system; supporting the Bureaus and Offices with all travel requirements, including planning, funding, booking, tracking, and approving travel; and ensuring compliance with the Federal Travel Regulations.
- » The Chief Financial Officer serves as the agency's Performance Improvement Officer, responsible for oversight of all performance management activities, including development of the FTC's Strategic Plan, tracking of the agency's performance metrics, and producing the FTC's Annual Performance Plan/Annual Performance Report.
- **Human Capital Management Office:** The Human Capital Management Office (HCMO) develops and implements human capital programs and policies to align with and support the FTC's human capital strategic objectives. The Office provides leadership, technical advice, and policy guidance to FTC leadership and to Bureaus and Offices on a broad range of talent management and workforce issues. These include workforce planning, position management and classification, staffing and placement, background investigations, performance management, workforce development, executive resources, compensation, labor and employee relations, and special emphasis programs, as well as employee benefits services and programs.

HCMO engages in effective consulting with the FTC workforce and its Bureaus and Offices, and collaborates with other federal agencies, including the Office of Personnel Management (OPM) and Office of Management and Budget (OMB) to develop progressive programs and solutions for emerging human capital issues in support of government-wide human capital initiatives. HCMO supports FTC's mission accomplishment by:

- » Providing human capital services, strategies and guidance to FTC Bureaus and Offices to recruit, hire, develop, engage, retain or transition a diverse, highly skilled and high-performing workforce.
- » Leading Training Council activities to assess the core curriculum and competencies for critical FTC occupations.
- » Establishing and administering policies, programs and services related to labor and employee relations issues, including case support.
- » Dedicating efforts to make the FTC a best place to work through its human capital programs and management initiatives.
- **Office of the Chief Administrative Services Officer:** The Office of the Chief Administrative Services Officer (OCASO) provides a broad range of administrative and information management services to the agency. In carrying out its support work, OCASO:
 - » Acquires and manages office space, including infrastructure renovations and repairs;

- » Provides building and grounds management, and oversees maintenance and custodial contracts;
 - » Manages physical security, emergency preparedness, continuity of operations, health, and safety programs;
 - » Provides logistical support and coordination for all types of FTC events;
 - » Manages agency-wide support functions including mail services, printing and copying, couriers, supplies, transit subsidies, parking, and furniture warehousing;
 - » Serves all official Commission documents, and receives and processes filings before the Commission;
 - » Manages agency-wide electronic systems that process, track, and store records and information on Commission matters;
 - » Provides library research, reference, and subscription services;
 - » Processes public comments in rulemakings, consent proceedings, workshops, studies, and other matters that solicit public comments; and
 - » Maintains the official public record in all FTC matters.
- **Office of the Chief Information Officer:** The Office of the Chief Information Officer (OCIO) is responsible for providing the FTC with a robust, reliable, secure, rapidly scalable, and interoperable infrastructure; providing connectivity and computing capabilities; and allowing FTC staff and mission partners to access, share, and act on needed information electronically. OCIO develops, modernizes, and enhances mission critical IT applications and systems, business services, and related office automation tools and maintains a robust cybersecurity program that includes the FTC's disaster recovery and continuity of operations efforts. Some key activities performed by OCIO include:
 - » Providing mission critical information systems and services to facilitate litigation, forensic investigations, enforcement, and economic analysis activities;
 - » Ensuring availability of information technology systems through maintenance of a stable, modernized in-house technology infrastructure, including life-cycle management and technology enhancements and provisioning of secure cloud-based services in support of efficiency and improved operations;
 - » Enhancing agency productivity through customer support services, including equipment installation and repair; training and support in the use of information technology resources; and support of critical information systems and applications;
 - » Securing FTC data and information technology systems against current and emerging cybersecurity threats using sophisticated technologies and informa-

tion assurance activities, providing increased security and compliance without hindering mission success and employee performance.

Office of Congressional Relations

The Office of Congressional Relations serves as the liaison between the FTC and Congress. It works closely with Congressional Committees and Members' offices, and keeps the Commission apprised of activity on Capitol Hill affecting competition, consumer protection, and the agency. It also coordinates the preparation of Congressional testimony and responses to Congressional inquiries about FTC actions, policies, and programs.

The Office of Congressional Relations:

- Develops, coordinates, and executes legislative advocacy for the FTC.
- Receives and helps coordinate responses to Members' inquiries on behalf of constituents.
- Plans and implements liaison activities with Congress, including briefings by FTC staff, meetings between Members of Congress and Commissioners, and constituent education events.
- Monitors hearings, legislation, and other Congressional activity affecting or of interest to the FTC.
- Coordinates the review by FTC staff of relevant legislation, and provides feedback and technical assistance on bills to Congressional offices.
- Prepares agency witnesses to testify before Congress.
- Keeps Congressional staff abreast of major Commission actions.
- Assists nominees for FTC Commissioner positions through the confirmation process.

Office of Public Affairs

The Office of Public Affairs (OPA) informs the news media, as well as the public at large, about the activities of the FTC and responds to media inquiries about Commission actions and policy. OPA also manages the agency's main website, FTC.gov, and social media accounts, which are critical communication tools for the agency.

In serving as liaison between the FTC, the media and the public, OPA:

- Arranges and frequently staffs media appearances for the Chairman, Commissioners, and other senior officials.
- Ensures that Commission news releases, supporting documents, and consumer and business education materials are disseminated to the media and the public on FTC websites, through use of social media, and other channels.

- Manages the FTC’s official presence on Facebook, Twitter, and LinkedIn, including hosting live social chats, live-tweeting and live-streaming workshops and other events, 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 reports to staff.
- Manages the operations and development of the FTC’s primary public website, FTC.gov, including related vendor contracts.
- Establishes governance, standards, and administrative guidance for public-facing web properties managed by offices across the agency.
- Coordinates the development and execution of the agency’s digital communications strategy, including collection and analysis of web traffic data and customer experience metrics.
- Provides training and support to FTC web content publishers and authors.
- Provides assistance to the media and bloggers covering FTC activities.
- 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” reports to inform the public and the media of scheduled “open” Commission activities.
- Works with international, national, and regional media for coverage of Commission activities.
- Obtains 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 Inspector General Act of 1978 created independent and objective units within the federal agencies to detect fraud, waste, and abuse and promote economy, efficiency, and effectiveness in agency operations. Each Office of Inspector General (OIG) is responsible for conducting audits and investigations relating to the agency’s programs and operations. The Inspector General Act Amendments of 1988 (5 U.S.C. app.) established an OIG within the FTC in 1989. The Office is led by the Inspector General, who has the functions, powers, and duties of an agency head or appointing authority. The

Inspector General must keep the agency head and Congress fully and currently informed about problems and deficiencies in the agency's operations and programs.

The Inspector General Act contains statutory guarantees of OIG independence, which ensure the objectivity of the OIG's work and safeguards against efforts to compromise that objectivity or hinder OIG operations. Foremost among these safeguards are the Inspector General's dual reporting to the agency head and Congress, and the requirement for agency management to provide timely access to agency personnel and information. The OIG's independent mission requires that OIG staff be free in fact and appearance from personal, external, and organizational impairments to their independence.

- **Audits and Evaluations:** The OIG conducts audits and evaluations that address the efficiency, effectiveness, and economy of FTC programs and operations. OIG reports provide information to FTC leadership that identify corrective actions, facilitate program improvements, and improve accountability. Audits and evaluations are systematic and independent assessments that provide timely and credible information for agency managers, policy makers, and others to determine the efficiency, effectiveness, impact, and/or sustainability of agency operations, programs, or performance.
- **Investigations of Fraud, Waste, and Abuse:** The OIG investigates allegations of criminal, civil, and administrative violations of laws, policies, and regulations on the part of FTC employees and individuals or entities that have contracts with the agency. Complaints and allegations of wrongdoing are generally referred to the OIG via the OIG Hotline, in-person, and via mail, and they come from a variety of sources, including FTC employees, other government agencies, and the public. The results of OIG investigations that uncover criminal activity or civil violations are referred to the Department of Justice for consideration for criminal prosecution and/or civil penalties. Investigations that do not substantiate criminal or civil activity, or where criminal prosecution or civil remedies have been declined, are reported to FTC management for appropriate action.
- **Whistleblower Protection:** Federal law prohibits governmental personnel from retaliating against an employee who acts as a whistleblower by reporting suspected waste, fraud, or abuse to the OIG. Allegations of whistleblower retaliation are taken very seriously, and both the OIG and the U.S. Office of Special Counsel have the authority to investigate such matters.
- **Management Advisories:** The OIG issues periodic Management Advisories to inform management expeditiously of findings of systemic weaknesses or vulnerabilities identified during audits, investigations, or other oversight activity. Management Advisories typically contain recommendations for agency management.
- **Top Management Challenges:** The Reports Consolidation Act of 2000 requires that the Inspector General provide a summary of the OIG's perspective on the

most serious management and performance challenges facing the agency and a brief assessment of the agency's progress in addressing those challenges. Some of these are enduring challenges requiring leadership's continued attention. Others are a priority at a particular time in the agency's development, but may become less pressing priorities in the future.

- **Congressional Requests and Briefings:** In addition to keeping the Chairperson, Commissioners, and FTC senior management informed of the OIG's work, the Inspector General Act requires the OIG to keep appropriate Congressional committees informed of completed audit, evaluation, and investigation work through semiannual reports to the Congress. These reports summarize the work the OIG has completed and planned during the reporting period, as well as the status of OIG recommendations to management.

Separately, the OIG responds to periodic requests by Congressional committees, matters referred to the Department of Justice for possible prosecution, and any challenges encountered in obtaining timely information from management. The OIG has a standing annual meeting with staffers of the Senate Committee on Commerce, Science, and Transportation to discuss open OIG recommendations and the OIG's annual Management Challenges report, among other topics.

- **Peer Reviews:** The OIG's investigations and audit functions are subject to triennial external peer reviews conducted under requirements established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is an independent entity within the Executive Branch comprised of federal Inspectors General. OIG staff take periodic training in the various OIG disciplines to ensure that they and the OIG programs adhere to Government Accountability Office, CIGIE, and other quality standards for ensuring accuracy, objectivity, and independence.
- **Engagement with the OIG Community:** The OIG is an active participant in CIGIE, whose mission is to address integrity, economy, and effectiveness issues that transcend individual government agencies. Through active participation on the various CIGIE committees, subcommittees, and workgroups, OIG staff learn of emerging trends and best practices within the OIG community to share within the OIG and with FTC management. The OIG also pursues cross-community initiatives through CIGIE, such as an FY 2017 initiative to boost the value of OIG investigations of identity theft, impersonation scams, and theft of government benefits, in cooperation with the FTC Bureau of Consumer Protection and its Consumer Sentinel Network resources. This initiative directly addressed the Inspector General Empowerment Act of 2016 directive urging OIGs to collaborate on common issues and challenges.

Office of Equal Employment Opportunity and Workplace Inclusion

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

ship and direction on EEOC regulations and directives, and implements comprehensive affirmative employment initiatives that conform to Federal laws and regulations governing EEO and human resources management. OEEOWI 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 directives governing the administrative complaint process. OEEOWI 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. Further, OEEOWI promotes an inclusive and diverse work environment by maintaining relationships with affinity bar associations, providing guidance to the Executive Committee of the FTC Diversity Council, and planning and organizing cultural events for special observances throughout the year.

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APPENDIX



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Proposed Appropriations Language

Salaries and Expenses

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, 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, \$312,300,000, 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 \$136,000,000 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 2020, so as to result in a final fiscal year 2020 appropriation from the general fund estimated at not more than \$161,300,000: Provided further, That none of the funds made available to the Federal Trade Commission may be used to implement subsection (e)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t).

Program and Financing

(\$ in millions)

		FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Identification Code: 29-0100-0-1-376				
Obligations by Program Activity:				
0001	Protecting Consumers	176	168	172
0002	Promoting Competition	149	138	140
0192	Subtotal, direct program	325	306	312
0799	Total direct obligations	325	306	312
0803	Reimbursable program	1	1	1
0900	Total new obligations, unexpired accounts	326	307	313
Budgetary Resources:				
Unobligated Balance:				
1000	Unobligated balance brought forward, Oct 1	33	22	33
1021	Recoveries of prior year unpaid obligations	9	...	...
1050	Unobligated balance (total)	42	22	33
Budget Authority:				
Appropriations, discretionary:				
1100	Appropriation	168	166	161
1130	Appropriations permanently reduced	...	...	...
1160	Appropriation, discretionary (total)	168	166	161
Spending authority from offsetting collections, discretionary:				
1700	Offsetting collections (HSR Fees)	133	136	136
1700	Offsetting collections (Do Not Call Fees)	12	15	15
1700	Offsetting collections (Reimb. Programs)	1	1	1
1701	Change in uncollected payments, Federal sources	-1	...	...
Spending authority from offsetting collections precluded from obligation (limitation on obligations)				
1725		-7	...	...
1750	Spending authority from offsetting collections, discretionary (total)	138	152	152
1900	Budget authority (total)	306	318	313
1930	Total budgetary resources available	348	340	346
Change in Obligated Balances:				
Unpaid Obligations:				
3000	Unpaid obligations, brought forward, Oct 1	76	74	89
3010	New obligations, unexpired accounts	326	307	313
3020	Outlays (gross)	-319	-292	-313
3040	Recoveries of prior year unpaid obligations, unexpired	-9	...	...
3050	Unpaid obligations, end of year	74	89	89
Uncollected payments:				
3060	Uncollected payments, Fed sources, brought forward, Oct 1	-1	...	...
3070	Change in uncollected payments, Federal sources, unexpired	1	...	...
3090	Uncollected payments, Fed sources, end of year	...	...	...
Memorandum (non-add) entries:				
3100	Obligated balance, start of year	75	74	89
3200	Obligated balance, end of year	74	89	89
Budget Authority and Outlays (net):				
Discretionary:				
4000	Budget authority, gross	306	318	313
Outlays, gross:				
4010	Outlays from new discretionary authority	262	196	191
4011	Outlays from discretionary balances	57	96	122
4020	Outlays, gross (total)	319	292	313
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4030	Federal sources	-1	-1	-1
4034	Offsetting governmental collections	-145	-151	-151
4040	Offsets against gross budget authority and outlays (total)	-146	-152	-152
Additional offsets against gross budget authority only:				
4050	Change in uncollected payments, Federal sources	1	...	...
4070	Budget authority, net (discretionary)	161	166	161
4080	Outlays, net (discretionary)	173	140	161
4180	Budget authority, net (total)	161	166	161
4190	Outlays, net (total)	173	140	161

Object Classification (\$ in millions)

Identification Code: 29-0100-0-1-376

FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
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Direct Obligations

Personnel Compensation:

11.1 Full-time permanent	138	150	150
11.3 Other than full-time permanent	9	-	-
11.5 Other personnel compensation	3	2	2
11.8 Special personal services payments	-	-	-
11.9 Total, Personnel Compensation	150	152	152
12.1 Civilian personnel benefits	48	46	46
21.0 Travel and transportation of persons	2	3	3
23.1 Rental payments to GSA	23	25	25
23.3 Communications, utilities, and miscellaneous charges	5	5	5
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	71	51	57
25.2 Other services	5	4	4
25.3 Purchases of goods and services from government accounts	8	7	7
25.4 Operation and maintenance of facilities	1	1	1
25.7 Operation and maintenance of equipment	8	7	7
26.0 Supplies and materials	1	1	1
31.0 Equipment	2	3	3
99.0 Subtotal, Direct Obligations	325	306	312

Reimbursable Obligations

Personnel Compensation:

11.1 Full-time permanent	1	1	1
99.0 Subtotal, Reimbursable Obligations	1	1	1
99.9 Total, New Obligations	326	307	313

Personnel Summary

Identification Code: 29-0100-0-1-376	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate
Direct			
1001 Full-time equivalent employment	1,102	1,140	1,140
Reimbursable			
2001 Full-time equivalent employment ¹	1	1	1

¹Includes 1 FTE reimbursed by other federal agencies

Inspector General's Request



UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of the Inspector General

March 11, 2019

In accordance with the requirements of Section 6(g)(1) of the Inspector General Act of 1978 (as amended), the Federal Trade Commission's Office of the Inspector General (OIG) submits the following information related to its requested budget for FY 2020:

- OIG requests aggregate funding of \$1,640,100 for FY 2020.
- OIG requests \$27,700 for all training needs. The requested amount satisfies all training requirements for the OIG in FY 2020.
- OIG requests \$4,264 for support of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The requested amount satisfies all requirements for the OIG's CIGIE contribution in FY 2020.

<u>FY 2019 Budget</u> \$ in thousands		<u>FY 2020 Estimate</u> \$ in thousands		<u>Change</u> \$ in thousands	
Full Time Equivalents	Amount	Full Time Equivalents	Amount	Full Time Equivalents	Amount
7	\$1,640.1	7	\$1,640.1	0	\$0

Andrew Katsaros
Inspector General
Federal Trade Commission