



THE CHAIRMAN

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

October 30, 2017

The Honorable Robert Menendez
United States Senate
Washington, DC 20510-2105

Dear Senator Menendez:

Thank you for your letter of October 4, requesting information about the Federal Trade Commission's ("Commission" or "FTC") actions to protect consumers from fraud and other scams in the wake of the Equifax breach. I share your concerns about both the breach and the risk of additional harm to consumers from scammers and other frauds that attempt to take advantage of affected consumers.

In response to your specific questions:

1. To what extent, if at all, is the FTC tracking Equifax frauds and scams? Is FTC tracking this information in conjunction with any other federal agencies?

We are closely tracking Equifax-related frauds and scams in order to provide guidance to consumers to help them protect themselves from scammers and other bad actors and to identify potential targets for law enforcement action. Our data analysts are monitoring the Consumer Sentinel Network, which captures complaints from consumers to the FTC and various federal and state government agencies, as well as the Better Business Bureau and other partners. The FTC will continue to monitor these complaints to identify opportunists using the data breach to deceive consumers. The Commission will also continue to disseminate appropriate consumer education messages and bring law enforcement actions, if appropriate.

We are coordinating closely with our federal partners, including both criminal and civil law enforcement agencies, in responding to both the Equifax breach and related frauds and scams. When appropriate and permissible by law, we are sharing information about our investigations with these partners and working to ensure that consumers and businesses are getting important and relevant information about existing scams and frauds.

2. What steps is the FTC taking to combat Equifax scammers? Please be specific as to how resources are being deployed to combat both internet and phone scams?

A core part of the FTC's consumer protection mission is stopping scammers that are harming American consumers. Although I cannot comment on the details of any nonpublic law enforcement investigation, the Commission has devoted significant resources to the Equifax breach and combatting the scammers that are taking advantage of it. The FTC has marshalled resources from across the Commission's Bureau of Consumer Protection, including consumer response specialists, data analysts, consumer and business education specialists, attorneys, investigators, and technologists.

3. What steps is FTC taking to educate consumers and ensure they do not fall prey to frauds and scams related to the Equifax data breach?

The FTC launched a rapid response to Equifax's breach announcement, posting a consumer advisory within hours of the announcement on September 8.¹ That post reached more than 4 million consumers directly and was widely circulated by news organizations and other media outlets. The blog post discussed the breach and Equifax's response, and directed consumers to FTC materials offering plain-language explanations of credit freezes, fraud alerts, and other options to help consumers protect their information from misuse.

Information about Equifax-related scams emerged within days of the breach announcement. In response, the FTC published an additional advisory, entitled "Equifax isn't calling," alerting consumers of telephone scams and offering information to help them recognize and avoid Equifax-related fraud.² The post – which was also widely circulated by media outlets – built on, and linked to, the FTC's plain-language consumer guidance about avoiding phone and imposter scams. The FTC has since issued three additional posts, including a blog post directed to businesses, explaining in plain language consumers' options for reducing their risk of identity theft in the context of the Equifax data breach.³ The Commission has also added specific information about the Equifax breach to IdentityTheft.gov, the FTC's one-stop resource for identity theft victims, including a page directed to consumers whose information may have been exposed in the breach.⁴ The FTC has compiled all of its resources related to the data breach at a single website, <https://ftc.gov/Equifax>, for easy access by consumers. In addition to linking consumers to all of our Equifax-related blog posts and articles, the webpage links to plain-language articles about fraud alerts, credit freeze FAQs, and, for military service members, active duty alerts.

¹ FTC Consumer Blog, *The Equifax Data Breach: What to Do*, Sept. 8, 2017, at <https://www.consumer.ftc.gov/blog/2017/09/equifax-data-breach-what-do>.

² FTC Consumer Blog, *Equifax Isn't Calling*, Sept. 14, 2017, at <https://www.consumer.ftc.gov/blog/2017/09/equifax-isnt-calling>.

³ See FTC Consumer Blog, *Free credit freezes from Equifax*, Sept. 19, 2017, at <https://www.consumer.ftc.gov/blog/2017/09/free-credit-freezes-equifax>; FTC Consumer Blog, *Fraud alert or credit freeze – which is right for you?*, Sept. 14, 2017, at <https://www.consumer.ftc.gov/blog/2017/09/fraud-alert-or-credit-freeze-which-right-you>; FTC Business Blog, *Fraud alerts vs. credit freezes: FTC FAQs*, Sept. 14, 2017, at <https://www.ftc.gov/news-events/blogs/business-blog/2017/09/fraud-alerts-vs-credit-freezes-ftc-faqs>.

⁴ IdentityTheft.gov Assistant, at <https://identitytheft.gov/Assistant>.

In addition to the above described articles and guidance, Commission staff has participated in numerous media interviews, including national and local news broadcasts, newspaper articles, and radio, describing our educational efforts and referring consumers to our Equifax-related resources.

Finally, the FTC regularly engages in ongoing outreach to educate consumers about a variety of scams, such as government imposter scams, business opportunity scams, job scams, debt relief scams, and others. Our outreach includes webinars, speeches, workshops, and social media campaigns. We also partner with libraries, police departments, county governments, state attorneys general, military service branches, educators, and advocates for older adults and other communities to spread our consumer education message and resources. We will continue to use all of these outreach channels to deliver information about scams and frauds related to the Equifax breach.

4. Is the FTC working with all three of the major consumer reporting agencies to identify, report, and interdict these frauds and scams? Please be specific as to what steps are being taken.

The FTC has engaged in an ongoing dialog with the consumer reporting agencies (“CRAs”) with respect to a variety of identity theft-related issues. As an outgrowth of the FTC’s development of IdentityTheft.gov, the Commission has continued discussions with the CRAs focusing on efforts to extend the functionality of IdentityTheft.gov so that victims can use the website to alert the CRAs to potential identity theft and institute fraud alerts on their credit reports.

In the wake of the Equifax breach announcement, the FTC’s dialog with the CRAs has included conversations about frauds and scams related to the breach. The FTC will continue aggressively pursuing any and all leads we receive from the CRAs or other sources regarding Equifax-related scams.

5. Does the FTC have sufficient authority and/or resources to effectively combat these frauds and scams? If not, what else is needed?

In the aftermath of the breach announcement, the FTC saw a dramatic increase in the number of consumer contacts to our IdentityTheft.gov website, as well as consumer complaints about Equifax. While we believe we will be able to cover the costs associated with this in FY2018, doing so may impact our ability to fund other priority projects or unforeseen expenses. The Commission is currently assessing potential enhancements to FTC systems and the related costs of those enhancements that would help fraud and identity theft victims, and will work through the budget process to request additional out-year funds if needed.

The Commission has a longstanding, bipartisan call for comprehensive data security legislation that would (1) strengthen its existing data security authority and (2) require companies, in appropriate circumstances, to provide notification to consumers when there is a

security breach.⁵ Reasonable security practices are critical to preventing data breaches and protecting consumers from identity theft and other harm. Where breaches occur, notifying consumers helps them protect themselves from any harm that is likely to be caused by the misuse of their data. For example, in the case of a breach of a database with Social Security numbers, notifying consumers will enable them to request that fraud alerts be placed in their credit files, obtain copies of their credit reports, scrutinize their monthly account statements, and take other steps to protect themselves. And although most states have breach notification laws in place, having a strong and consistent national requirement would simplify compliance by businesses while ensuring that all consumers are protected.

As the nation's consumer protection agency, the FTC is committed to protecting consumer privacy and promoting data security in the private sector. If you or your staff have additional questions on these matters or wish to share additional information with us, please do not hesitate to contact me or have your staff call Jeanne Bumpus, the Director of our Office of Congressional Relations, at 202-326-2946.

Sincerely,

A handwritten signature in dark ink, appearing to read "Maureen K. Ohlhausen". The signature is fluid and cursive, with the first name "Maureen" being more prominent and the last name "Ohlhausen" following in a similar style.

Maureen K. Ohlhausen
Acting Chairman

⁵ Legislation in both areas – data security and breach notification – should give the FTC the ability to seek civil penalties to help deter unlawful conduct, jurisdiction over non-profits and common carriers, and the authority to issue implementing rules under the notice and comment rulemaking procedures of the Administrative Procedure Act, 5 U.S.C. § 553.