

FTC Releases Annual Report

May 6, 2010

Recently, Federal Trade Commission Chairman Jon Leibowitz released the FTC's [2010 Annual Report](#), which focused largely on the FTC's endeavors to defend financially distressed consumers and to spur competition during these tough economic times.

For example, the FTC, among other things, emphasized that while the past year's economic downturn prompted companies to offer new services targeted towards those most in need, some of these companies failed to deliver on these services. The FTC obtained preliminary or temporary relief in all twenty-two federal lawsuits filed against operators who allegedly falsely asserted they would obtain a loan modification or halt a foreclosure on consumers' behalf. Typically, the operator allegedly was paid a high initial fee by the consumer, and then did little or nothing to help to modify the loan or halt foreclosure.

In order to maximize its efforts, the FTC indicated that it has renewed its efforts to partner with state and local enforcement agencies. The FTC secured relief through its participation in ten mortgage fraud task forces all over the nation. For example, the FTC entered into an \$8.5 million settlement with a foreclosure "rescue" company, which precludes the company from making representations about the likelihood that it could stop a foreclosure. The FTC had alleged that the company collected high fees from consumers often exceeding \$1,000, but did not endeavor to help them to avoid foreclosure.

The FTC also announced that in settling five Federal Credit Reporting Act suits (four of which were against users of credit reports and one of which was against a Credit Reporting Agency), the FTC obtained \$447,000 in civil penalties and \$157,000 in suspended penalties. In two of these actions, the FTC alleged that the users made adverse employment decisions predicated on background checks without notifying them of their rights under the FCRA.