

**FEDERAL TRADE COMMISSION**

**Office of Inspector General**



**REVIEW OF THE FTC  
CONSUMER RESPONSE CENTER**

**July 2007**



Office of Inspector General

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

July 10, 2007

TO: Lydia P. Barnes, Director,  
Bureau of Consumer Protection

ATTN: David M. Torok, Associate Director  
Division of Planning & Information  
Bureau of Consumer Protection

FROM: Howard L. Sribnick  
Inspector General

SUBJECT: Audit Report AR 07-003 - Review of the FTC's Consumer Response Center

This report presents the results of our audit of the FTC's Consumer Response Center. Your written response to the draft report is included as exhibit A with excerpts incorporated into the relevant sections of the report. Your response contained sufficient justification to reach closure on all recommendations.

We appreciate the courtesies and cooperation extended to our staff during this review.

# ***Executive Summary***

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## **Results in Brief**

The Federal Trade Commission (FTC) was created in 1914, with the objective to prevent unfair methods of competition in commerce as part of the battle to “bust the trusts.” In 1938, Congress passed a broad prohibition against “unfair and deceptive acts or practices.” Since then, the Commission also has been directed to administer a wide variety of other consumer protection laws, including the Telemarketing Sales Rule, the Pay-Per-Call Rule, and the Equal Credit Opportunity Act. Even though there are numerous legitimate and honest businesses, a small percentage preys on vulnerable and innocent consumers. In an effort to curtail their illegal activities, the FTC established the Consumer Response Center (CRC) to collect consumer complaints.

The CRC receives approximately 30,000 to 40,000 contacts per week from consumers, law enforcement agencies, and other consumer advocate groups. Approximately 10,000 to 12,000 of those contacts are consumer complaints. Consumer complaints are entered into the Consumer Information System database (CIS). In addition to FTC personnel, external agencies can enter complaints into CIS or provide complaints in bulk to the CRC for uploading into CIS.

The CIS is a powerful crime-fighting tool, much of which is available to the federal, state, and local, as well as international, law enforcement community. Law enforcement and consumer advocate groups use CIS data to identify and track trends and potential problems affecting the marketplace.

For many consumers that turn to the FTC for assistance the CRC is the only contact they have with the FTC. This contact is in the form of either a recorded telephone message, whereby consumers input their complaints by pressing the appropriate numbers on the telephone dial pad, followed by leaving a brief message, an electronic form (e-form) on the FTC Internet site or a complaint by mail in response to which they receive a form letter.

A number of consumers have complained to the OIG that they were not satisfied with their contact with the FTC through the CRC. Most often, they express disappointment that the FTC will not take immediate action to address their individual complaint and that they will not be able to track what action is taken in response to their complaint.

The OIG understands that the FTC cannot investigate each individual complaint it receives. However, we believe that the CRC can better communicate to complainants the Commission's role and that consumers should be made aware that their individual complaints would not be investigated before they make the decision that they want to complete the e-form.

Our review of the eight thousand consumer complaints made directly and entered into the CIS showed that the data entered by CRC personnel, and the call center was accurate and well documented. Only two or three individual complaints lodged with the CRC of each one thousand complaints reviewed were not accurately categorized. This is commendable work for entering approximately 10,000 to 12,000 consumer complaints per week. The low number of error's by CRC personnel and the call center is a sign of an effective and thorough training program.

The OIG found that not all complaints uploaded from external reporting agencies is correctly identify under the appropriate product service code (PSC) in Consumer Sentinel. This occurred when bulk data was uploaded from external agencies into CIS. The result is inaccurate data being provided to investigators doing trend analysis on a specific industry or product. For instance, an investigator tracking trends in the credit repair industry would have an erroneous trend analysis if large numbers of complaints regarding retail credit or creditor debt collection were encoded as credit repair.

## **Recommendation in Brief**

The OIG recommends that the Division of Planning & Information (DPI) redesign the electronic complaint form to include a webpage prior to the consumer filling out their complaint. DPI should consider including on the new page information contained in the form letter sent to consumers that submit written complaints to the CRC.

Following this information, a decision button would allow the consumer to decide to proceed with the complaint while assuring that they understand, at the outset, the limitations on the agency's ability to address their individual complaint.

The OIG also recommends that the CRC revise the complaint form to make it more user friendly.

In addition, the OIG recommends that all CIS complaints be included in the revamped Consumer Sentinel system and shared with the FTC's external law enforcement partners.

### ***Abbreviations Used in This Report***

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BBB	Better Business Bureau
BCP	Bureau of Consumer Protection
CIS	Consumer Information System
CRC	Consumer Response Center
DNC	Do Not Call
DPI	Division of Planning & Information
FTC	Federal Trade Commission
FY	Fiscal Year
OIG	Office of Inspector General
PSC	Product Service Code
TSR	Telemarketing Sales Rule

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# ***Background Scope Objectives and Methodology***

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## ***Background***

The FTC, through its Bureau of Consumer Protection (BCP), is responsible for enforcing a number of statutes enacted to protect consumers against unfair, deceptive, or fraudulent business practices. BCP also has responsibilities, pursuant to specific statutes, for dealing with other consumer matters involving credit, debt, and identity theft. In order to fulfill these obligations, BCP operates the Consumer Response Center (CRC). The CRC accepts complaints from consumers via the telephone, the Internet, and the mail. In addition, the CRC provides educational publications to consumers, businesses and other organizations.

BCP uses the Consumer Information System (CIS) as the primary system to collect, analyze, extract, distribute, and archive/purge data relating to its mission. In addition to recording instances of business practices related to fraud, financial loss, identity theft, and do not call complaints, CIS also facilitates consumer requests for educational material. As of September 25, 2006, CIS contained approximately 6.07 million records.

CIS interconnects with several applications within the FTC. One of these applications, the Consumer Sentinel Network, currently serves more than 9,000 law enforcement users across the world. Consumer Sentinel provides authorized users with integrated access to the worldwide justice network of about 1,600 law enforcement agencies. Through this network, federal, state, local, and international law enforcement and justice agencies have access to a comprehensive set of consumer protection-related complaints.

The majority of the records in CIS are received by the FTC's CRC through two toll-free telephone numbers, online complaint forms, and mail. These records include consumer complaints and requests for information. In addition, other public and private entities share consumer complaint data with the FTC, which is entered into CIS.

## ***Scope***

The scope of our review was consumer complaints received during Fiscal Year (FY) 2005, FY 2006, and FY 2007. A limited sample of these consumer complaints were selected for in depth review. In addition, we reviewed the customer interface and the impact of using the website and automated phone system.

## ***Objectives***

The objective of our review was to evaluate pertinent policies and procedures regarding the operation of the CRC, assess the kind of information obtained from consumers, and determine how consumer complaints are categorized.

**Methodology**

We reviewed the regulations, policies, and procedures of the Consumer Response Center. We obtained complaints entered into the Consumer Information System (CIS) database. We examined the complaints from CIS to determine if they were accurately categorized. We reviewed CIS reports for a one-year period (May 2006 through May 2007) on randomly selected PSC's. We used no predetermined process to select the PSC reviewed.

We conducted this audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, the audit included such tests of program and accounting records as considered necessary to meet the audit objectives.

We conducted our fieldwork for this audit during the months of April 2007 and May 2007.



# ***Findings and Recommendations***

## ***Section 1 FTC Consumer Complaint Form***

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### **Finding 1 CRC's Interaction with Consumers Can Be Improved**

The CRC receives approximately 30,000 to 40,000 contacts per week from consumers, law enforcement agencies, and other consumer advocate groups. Approximately 10,000 to 12,000 of those are consumer complaints. Consumer complaints are entered into the Consumer Information System database (CIS). In addition to FTC personnel, external agencies can enter complaints into CIS or provide complaints in bulk to Division of Planning & Information (DPI) staff for uploading into CIS.

The CIS is a powerful crime-fighting tool, much of which is available to the federal, state, and local, as well as international, law enforcement community. Law enforcement and consumer advocate groups use CIS data to identify and track trends and potential problems affecting the marketplace.

For many consumers the CRC website is the only contact they have with the FTC. This contact is in the form of either a recorded telephone message, whereby they input their complaint by pressing the appropriate numbers on the telephone dial pad, followed by leaving a brief message, an electronic form (e-form) on the FTC Internet site or by mail.

A number of consumers have complained to the OIG that they were not satisfied with their contact with the FTC through the CRC. Most often, they express disappointment that the FTC will not take immediate action to address their individual complaint and that they will not be able to track what action is taken in response to their complaint.

Currently, the initial contact that most consumers have with the FTC is filling out the FTC Consumer Complaint Form (e-form). Even though most consumers never speak with a live counselor, they do have certain expectations about their complaints. Their expectations include:

- Their complaint is important,
- Their complaint is going to be investigated, and
- That someone will take action on their behalf.

The following is some excerpts from individual complaints where consumers were expecting or asking for assistance:

- “...please write me back about this problem.”
- “...can you please help?”
- “Please take action immediately.”
- “Filed a previous complaint but have never had a response. Would appreciate one.”
- “Is there anyone there that can advise me...Any information you can give me would be greatly appreciated.”
- “Please help me with this.”

The OIG is mindful that the CRC receives approximately 10,000 to 12,000 consumer complaints per week. We are conscious that the FTC cannot resolve each individual complaint and that it is not economically feasible for each consumer to speak with a live counselor. The OIG also recognizes that the BCP takes action through investigations, and legal proceedings, to force the dishonest out of business and attempt to recover the ill-gotten gains from wrongdoers, and that complaints filed by consumers are critical to the identification of fraudulent activities.

In advancing a positive image of the FTC, the OIG believes that the consumer should be better educated concerning how the CRC uses their complaint, prior to their completing the e-form, or telephone call.

We also recommend that the complaint form (e-form) be revised to be more user friendly.

## **Recommendation 1**

The OIG recommends that BCP place a decision button on the FTC web Consumer Complaint Form that a consumer must click certifying they are aware that the FTC does not resolve individual consumer problems. If the consumer clicks on the affirmative, then the e-form opens and the consumer may enter their complaint.

The BCP may consider using the following language contained in the form letter sent to complainants who write to the FTC for the new web page.

What happens to your complaint?

The Federal Trade Commission acts in the public interest to stop business practices that violate the laws it enforces. Information from consumers and businesses are very important to the work of the Commission. They are often the first indication of a problem in

the marketplace and may provide the initial evidence to begin an investigation. The Commission does not resolve individual complaints. The Commission can, however act when it sees a pattern of possible violations developing.

The information provided will be recorded in our complaint retention system. This computerized system enables us to identify questionable business practices that are generating numerous complaints and may be in violation of the law.

If you wish to proceed with the filing of a complaint, please press...

## **Management Response**

We agree that the consumer should be educated concerning how the CRC uses their complaint information prior to completing the electronic complaint form or telephone call. For that reason, we include the following text on the FTC electronic complaint form:

While the FTC does not resolve individual consumer problems, your complaint helps us investigate fraud, and can lead to law enforcement action. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

Similar information is provided via the IVR system to consumers who call the CRC to provide a complaint.

We believe it important that consumers see and are aware of the information we currently provide on our complaint form. At the same time, we do not want to discourage consumers from filing valid complaints with the FTC. We will examine ways to balance these two interests as we redesign our consumer complaint forms

## **OIG Position**

The OIG is mindful that the CRC will examine ways to balance the two interests as they redesign the consumer complaint form. We agree with management's response and consider this recommendation closed.

## **Recommendation 2**

The OIG recommends that BCP relocate the block "Explain Your Problem: (Please limit your complaint to 2000 characters.)" to the first item under the subheading "Tell Us Your Complaint..."

## Management Response

We do not understand how placing the comment field first would make the complaint form more user friendly. From a database standpoint, it is important to gather information about the source of the complaint in clearly defined fields. By placing the free-form comment field first, we believe consumers will include all of the important data about the subject of their complaints in the comment field itself, rather than in the more easily searchable data fields for company name, address, telephone number, etc. While we will be looking for ways to make the electronic complaint form more user friendly in the CIS redesign, we need additional information to justify the recommended comment field placement.

## OIG Position

The OIG agrees with management's response and considers this recommendation closed. The CRC will examine ways during the redesign of the CIS to make the electronic complaint form more user friendly.

## **Finding 2 Consumer Complaints Uploaded from External Agencies Are Not Always Categorized in the Consumer Sentinel under an Appropriate Product Services Code**

Our review of the eight thousand consumer complaints made directly to the CRC and entered into the CIS showed that the data entered by CRC personnel, and the call center was accurate and well documented. Only two or three individual complaints lodged with the CRC of each one thousand complaints reviewed were not accurately categorized. This is commendable work for entering approximately 10,000 to 12,000 consumer complaints per week. The low number of error's by CRC personnel and the call center is a sign of an effective and thorough training program.

The DPI staff also uploads into the CIS consumer complaints from external entities, such as the Better Business Bureau (BBB). We were advised by the Director of DPI, that many external law enforcement agencies and others, such as the BBB, gather consumer complaint information using their own internal systems and databases. They often gather different information, or gather information in a different format, than the FTC. This is particularly true when it comes to classifying the complaints by problem areas. DPI staff classifies all consumer complaints entered into CIS by a PSC, using a list developed internally by our staff. Other agencies use different methods or different product/service codes. For example, the BBB's classify their complaints using codes developed by the Yellow Pages telephone directory – a list that is much more detailed.

The OIG found that the process that the DPI staff and data analysts use to map the bulk data from external entities to CIS fields and codes does not always assure the

complaint has been tracked to the appropriate PSC. As a result, deceptive trade practices within certain industries or product failure trends may not be accurately tracked.

We reviewed CIS reports for a one-year period (May 2006 through May 2007) on randomly selected PSC's. We used no predetermined process to select the PSC reviewed.

The OIG reviewed 2,574 consumer complaints uploaded from an external agency that were tracked into three PSC's for (1) Health Care: Diet Products\Centers\Plans, (2) Credit Repair, and (3) Internet Access Services. The review found that 1,596 of 2,574 (62 percent) PSC's used by the CRC did not accurately reflect the nature of the complaint. The following represents the totals for each of the three PSC's:

- Health Care: Diet Products\Centers\Plans
  - 1,000 complaints
  - 697 not accurately tracked into an appropriate PSC's
  - 69.7 percent not accurately tracked into an appropriate PSC's
  
- Credit Repair
  - 574 complaints
  - 321 not accurately tracked into an appropriate PSC's
  - 55.9 percent not accurately tracked into an appropriate PSC's
  
- Internet Access Service
  - 1,000 complaints
  - 578 not accurately tracked into an appropriate PSC's
  - 57.8 percent not accurately tracked into an appropriate PSC's

The OIG review disclosed that of the 1,000 complaints categorized under the PSC for Health Care: Diet Products\Centers\Plans, 697 would have been more accurately categorized under the PSC for Fitness Centers\Health Clubs. Likewise, we found that complaints categorized under the PSC for Credit Repair included complaints about retail credit providers and bill collectors. Finally, complaints categorized under the PSC for Internet Access Services included complaints about businesses selling retail products via the internet.

The Director of DPI explained the process used to import externally generated consumer complaints as follows. The CIS PSC's currently are divided into two categories: those that are shared with our external law enforcement partners through Consumer Sentinel, and those that are not shared. The Consumer Sentinel PSC's include those areas generally associated with fraudulent sales practices, including Internet scams, online auctions, business opportunities, advance fee loans, and telemarketing. Complaints involving non-Sentinel PSC's currently are included in CIS and made available only to FTC law enforcement staff. The CRC tries to classify all consumer complaints they accept from external agencies with a Sentinel PSC so that the complaints can be shared with other agencies. Because of the limited number of Sentinel PSC's currently used, some externally generated consumer complaints may be tracked to what appears to be an inappropriate PSC.

During the exit conference, the Director of DPI also explained that during the revamp of the CIS, the BCP's, Division of Planning & Information, would be notifying the Commission they plan to include all CIS complaints in the revamped Consumer Sentinel system. With this change in policy, BCP will no longer have to limit the PSC's to which external agencies' complaints are transferred.

### **Recommendation 3**

The OIG recommends that all PSC's be included in the revamped Consumer Sentinel system.

### **Management Response**

As part of the CIS and Consumer Sentinel redesign, we plan to notify the Commission about the change in procedure to allow all CIS complaints to be included in the revamped Consumer Sentinel system and to be shared with our external law enforcement partners.

### **OIG Position**

OIG accepts management response and considers this recommendation closed.

## **Recommendation 4**

The OIG recommends that BCP conduct an outreach or training plan with external agencies that provide bulk data that is uploaded into CIS. For example, the agency might suggest the external agencies use the FTC Complaint e-form that provides pull down menus of PSC's as well as other useful information.

### **Management Response**

Since external agencies that provide us with consumer complaints operate their own internal complaint processing systems and databases, it would not be appropriate to train them on the correct data collection methods for their systems. These agencies have spent considerable time, effort, and resources developing their own internal systems, and use those systems for their own reporting and tracking needs. It is highly unlikely that they would use the FTC complaint form in lieu of their own systems. In addition, external agencies provide their complaints to us voluntarily, often at their own expense. We are grateful for this data, and do not want to impose rules on them for contributing complaints. However, we often discuss with smaller agencies that do not have their own consumer complaint systems the benefits that they could realize by using Consumer Sentinel for that purpose.

### **OIG Position**

OIG accepts the agency response and considers this recommendation closed.

# Exhibit A — Management Response

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Exhibit A – Page 1 of 1

## MEMORANDUM

**TO:** Howard L. Sribnick  
Inspector General

**FROM:** David M. Torok, Associate Director  
Division of Planning & Information  
Bureau of Consumer Protection

**SUBJECT:** Response to Discussion Draft Audit Report AR 07-003  
Review of the FTC’s Consumer Response Center

**DATE:** June 12, 2007

Thank you for the opportunity to respond to the discussion draft audit report, dated May 25, 2007, regarding the FTC’s Consumer Response Center (CRC). We appreciate the thorough, professional, and courteous manner in which your office conducted this audit. We also appreciate the conclusion in the draft audit report that the CRC produces “commendable work” in entering accurate and complete consumer complaint data into the Consumer Information System (CIS), reflecting “an effective and thorough training program.” In this response, we will address each of your findings and recommendations in turn.

### **Finding 1: CRC’s Interactions With Consumers Can Be Improved**

The CRC continually is looking for methods through which it can improve the services it provides to consumers, and thus we welcome your recommendations in this area. Before addressing them specifically, however, we wish to correct two statements included under this finding. First, the CRC handles approximately 30,000 to 40,000 consumer *contacts* per week. Approximately 10,000 to 12,000 of those contacts are *complaints*. Many consumer contacts to the CRC are requests for information, rather than complaints, that are handled in a completely automated manner by the Interactive Voice Response (IVR) telephone system. Those calls never reach a CRC counselor, and consumer information typically is neither gathered nor entered into CIS. Consumers obtain the information they need from the automated system and end the call.<sup>1</sup> Second, when consumers file a complaint with the CRC over the telephone, they will always speak to a counselor at some point in the call. Initial identifying information from the consumer may be gathered through the consumer “pressing the appropriate numbers on the telephone dial

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<sup>1</sup> In a small subset of request for information calls, consumers seek FTC publications. In those calls, consumer contact information is gathered and entered into CIS so that the publications can be sent.



pad,” as stated in this finding, but the crux of the complaint is then collected directly from the consumer by the counselor. As a general matter, we do not take consumer complaint information via voice mail messages from consumers.

### **Recommendation 1**

The OIG recommends that BCP place a decision button on the FTC web Consumer Complaint Form that a consumer must click certifying that they are aware that the FTC does not resolve individual consumer problems. If the consumer clicks on the affirmative, then the e-form opens and the consumer may enter their complaint.

We agree that the consumer should be educated concerning how the CRC uses their complaint information prior to completing the electronic complaint form or telephone call. For that reason, we include the following text on the FTC electronic complaint form:

While the FTC does not resolve individual consumer problems, your complaint helps us investigate fraud, and can lead to law enforcement action. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

Similar information is provided via the IVR system to consumers who call the CRC to provide a complaint.

We believe it important that consumers see and are aware of the information we currently provide on our complaint form. At the same time, we do not want to discourage consumers from filing valid complaints with the FTC. We will examine ways to balance these two interests as we redesign our consumer complaint forms.<sup>2</sup>

### **Recommendation 2**

The OIG recommends that BCP relocate the block “Explain Your Problem: (Please limit your complaint to 2000 characters)” to the first item under the subheading “Tell Us Your Complaint . . .”

This recommendation is based on the stated effort to make the FTC’s electronic complaint form “more user friendly.” Currently, we gather information about the subject of the complaint first, such as the company name, address and telephone number, how the company

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<sup>2</sup> We recently awarded a contract to Lockheed Martin to rebuild and redesign the CIS database and the Consumer Sentinel website, and to operate both outside of the FTC. The contract also requires Lockheed Martin to operate both the CRC and the National Do Not Call Registry in a unified system with CIS and Sentinel. The expected delivery date for the redesigned CIS and Sentinel website is April 1, 2008.

contacted the consumer, and the amount the consumer paid. We then use the comment field (the field entitled “Explain Your Problem”) to allow the consumer to provide any additional information that he wishes.

We do not understand how placing the comment field first would make the complaint form more user friendly. From a database standpoint, it is important to gather information about the source of the complaint in clearly defined fields. By placing the free-form comment field first, we believe consumers will include all of the important data about the subject of their complaints in the comment field itself, rather than in the more easily searchable data fields for company name, address, telephone number, etc. While we will be looking for ways to make the electronic complaint form more user friendly in the CIS redesign, we need additional information to justify the recommended comment field placement. We look forward to additional discussions on this subject.

**Finding 2: External Agencies Do Not Always Categorize Complaints by the Correct Product Services Code**

After reviewing this finding and its accompanying recommendations, we believe we may not have provided sufficient information during the audit concerning the process by which we upload into CIS bulk complaints from external agencies (a process we call a “crosswalk”). We want to provide that background information before addressing the discussion draft recommendations.

Many external law enforcement agencies and others, such as the Better Business Bureaus (BBBs), gather consumer complaint information using their own internal systems and databases. They often gather different information, or gather information in a different format, than the FTC. This is particularly true when it comes to classifying the complaints by problem areas. We classify all consumer complaints entered into CIS by a product/service code, using a list developed internally by our staff.<sup>3</sup> Other agencies use different methods or different product/service codes. For example, the BBBs classify their complaints using codes developed by the Yellow Pages telephone directory – a list that is much more detailed than ours.

When an agency agrees to share its complaint data with us, one of the first steps in the process is to develop a translation table to transfer appropriate data fields collected by the external agency to an associated data field in CIS. In addition, we translate codes from one system to another, so that complaints gathered under one product/service code by the external agency are transferred to the appropriate product/service code in CIS. In some instances, we may transfer complaints from multiple codes used by the external agency to a single product/service code in CIS. We make these determinations regarding the appropriate translation after gathering information from the external agency regarding the content included within their product/service codes and the ways they use and operate their system.

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<sup>3</sup> We review this list annually for appropriate modifications.

Once this translation is completed and the proper crosswalk script is developed, complaints will be transferred from the external agency to us, usually in bulk electronic form. The crosswalk process will be run on that data, making the translation of fields from the external agency system to ours. Each time the data is loaded into CIS, a quality assurance review is conducted to ensure that the correct translation occurred and the complaints were loaded as required.

It is also important to know that our CIS product/service codes currently are divided into two categories: those that are shared with our external law enforcement partners through Consumer Sentinel, and those that are not shared. The Sentinel product/service codes include those areas generally associated with fraudulent sales practices, including Internet scams, online auctions, business opportunities, advance fee loans, and telemarketing. Complaints involving non-Sentinel product/service codes currently are included in CIS and made available only to FTC law enforcement staff. As a matter of policy, we try to classify all consumer complaints which we accept from external agencies with a Sentinel product/service code, so that the complaints can be shared with other agencies.<sup>4</sup> In other words, if a complaint from an external agency does not fit within a Sentinel product/service code, we generally do not accept it.<sup>5</sup>

Finally, Consumer Sentinel is primarily a law enforcement tool, not a reporting mechanism. The principal purpose of Consumer Sentinel is to share consumer complaints with our law enforcement partners. It is not meant to offer statistically sound information about consumer problems in the marketplace. Our law enforcement partners typically search the database for consumer complaints about a specific target by name, or search for targets operating within certain geographic or programmatic areas. Individual consumer complaints about targets, gathered from a variety of sources, are the most valuable resources offered by the system. Even if a complaint is included with an incorrect product/service code, it can still be found by members searching for complaints about the entity named therein, and it can still be an important piece of evidence in their investigations.

With this background information in mind, we can examine the specific examples cited in the discussion draft. As previously mentioned, BBBs categorize their consumer complaints with a more detailed list than that used by the FTC. As a result, in many instances, complaints from multiple BBB complaint categories are included in a single CIS product/service code. For example, in our product/service code entitled “Health Care: Diet Products\Centers\Plans,” we

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<sup>4</sup> In certain situations, we have accepted complaints dealing with fraudulent practices, but for which we do not have a corresponding product/service code or for which we cannot determine the proper code based on the external agency’s procedures. Such complaints are coded with the “Other” category, and made available on Consumer Sentinel.

<sup>5</sup> As part of the CIS and Sentinel redesign, we plan to notify the Commission about the change in procedure to allow all CIS complaints to be included in the revamped Consumer Sentinel system and to be shared with our external law enforcement partners. Assuming the Commission does not object, we would no longer have to limit the product/service codes into which external agencies’ complaints are transferred.

include complaints from the following BBB product codes: Health & Diet Food Products – Retail; Health & Diet Food Products – Wholesale/Manufacturing; Weight Control Services; Exercise & Physical Fitness Programs; Health & Fitness Program Consultants; Health Clubs; and Health Resorts. It may be true, as noted in the discussion draft, that some of these BBB complaints may be more appropriately included within the CIS product code entitled “Fitness Centers\Health Clubs.” However, that code is a non-Sentinel code, whereas “Health Care: Diet Products\Centers\Plans” is a Sentinel code. At the time we developed the BBB crosswalk, we were interested in receiving complaints about fitness centers from the BBBs, but we could not include those complaints under a non-Sentinel code. Given the choice of either not accepting the complaints or transferring them into the closely related Health Care: Diet Products\Centers\Plans Sentinel code, we decided on the latter course. This was our conscious choice, not an error.

Similar explanations can be offered for the other examples cited in the discussion draft. Under the Sentinel product/service code Credit Repair, we include complaints from two BBB codes: Credit Repair Services; and Credit Services. The latter code may include complaints regarding retail credit providers and bill collectors, but the CIS product/service codes for those areas are non-Sentinel codes. As for the Sentinel product/service code entitled Internet Access Service, we include complaints from the following three BBB codes: Internet Services; Computers – Networks; and Electronic Mail Service. It is possible that some BBBs capture complaints about businesses selling retail products via the Internet by using one of those product/service codes.

We will now respond to the specific recommendations in this Finding.

### **Recommendation 3**

The OIG recommends that BCP develop quality controls process for uploading bulk data from external agencies into CIS.

As we hope the background discussion has shown, we have developed and follow such a quality control process. We spend considerable time and effort creating each crosswalk from external agencies. While we carefully analyze the information provided by the agencies, the process invariably involves a certain amount of judgement. We believe we exercised correct judgement in the examples cited in the discussion draft. However, we plan to review all of our crosswalk mappings as part of the CIS and Sentinel redesign project, and will look for any potential changes to make the data translations as appropriate as possible.

### **Recommendation 4**

The OIG recommends that BCP conduct an outreach or training plan with external agencies that provide bulk data that is uploaded into CIS. For example, the agency might suggest the external agencies use the FTC Complaint e-form that provides pull down menus of PSC’s as well as other useful information.

Since external agencies that provide us with consumer complaints operate their own internal complaint processing systems and databases, it would not be appropriate to train them on

the correct data collection methods for their systems. Moreover, these agencies have spent considerable time, effort, and resources developing their own internal systems, and use those systems for their own reporting and tracking needs. It is highly unlikely that they would use the FTC complaint form in lieu of their own systems. In addition, external agencies provide their complaints to us voluntarily, often at their own expense. We are grateful for this data, and do not want to impose rules on them for contributing complaints. However, we often discuss with smaller agencies that do not have their own consumer complaint systems the benefits that they could realize by using Consumer Sentinel for that purpose.

In conclusion, we once again wish to thank you for this opportunity to respond to the discussion draft audit report. We hope the information we have provided is helpful. We look forward to the exit conference for this audit.