

Remarks of
SENATOR SUSAN M. COLLINS
at the Federal Trade Commission
Workshop on Public/Private Partnerships
to Combat Cross-Border Fraud
February 19, 2003



I am delighted to be able speak to you today about the growing problem of cross-border fraud. This serious threat has been a concern of mine for several years now, and I am pleased that the Federal Trade Commission has convened this public forum to explore new ways of combating it.

As the legions of victims can attest, cross-border fraud is very costly, both in financial terms and in emotional ones. During Senate hearings that I chaired in June 2001 on mail, Internet and telemarketing fraud, several elderly witnesses testified about being defrauded of thousands of dollars and the resulting hardships caused by the loss of

their life savings. Indeed, such schemes rob their victims not only of their hard-earned savings but of their dignity and self respect.

A Maine woman, for example, testified that her 80-year old husband, formerly a successful businessman, had fallen prey to devious telemarketers and clever mail solicitations. She estimated that he lost \$20,000 to these schemes, and she described how devastating these losses had been to their family. She has since told me that these fraudulent pitchmen will not give up. In fact, her husband continues to receive solicitations from illegal Canadian and Australian lotteries each week, as well as numerous telemarketing calls every day.

Americans have lost substantial sums to criminals - both foreign and domestic. For example, in 2002, the FTC received more than 102,000 complaints of Internet-related fraud, a more-than-threefold increase over the 33,000 complaints in 2000. In 2002, American

consumers lost a staggering \$122 million to criminals using the Internet, up from \$26 million in 2000.

Nor have criminals abandoned the more traditional means such as mail and the telephone to reach potential victims. Mail fraud complaints are up 27 percent, according to the Postal Inspection Service. The agency responded to 66,000 mail fraud complaints in 2001, and more than 84,000 complaints in 2002. In addition, the Inspection Service shut down 40 illegal telemarketing operations in 2002, a 43 percent increase over 2001, and halted 80 deceptive mailing operations in 2002, up 40 percent from last year.

The number of mail, telemarketing and Internet fraud complaints involving a foreign component has grown significantly in the past few years. Crooks worldwide have availed themselves of technological advances to target American consumers via email and the Internet. Foreign countries have unfortunately become a source of entry for

lottery, sweepstakes and advance-fee-for-loan scams that prey upon Americans through direct mail and telemarketing.

How do we fight such fraud? The first line of defense against mail, Internet and telemarketing fraud is to promote public awareness of the types of schemes in which criminals are likely to engage, and what consumers can do to report fraudulent overtures. Potential victims have the power to say “no” to the pitches of fraudulent telemarketers, and to throw out deceptive mailings from illegal lotteries and fraudulent sweepstakes. We must encourage them to do just that.

Accordingly, last June I introduced a resolution which passed the Senate unanimously designating the week of August 25, 2002 “National Fraud Against Senior Citizens Awareness Week.” This public campaign was designed to alert our nation’s seniors and their families to how they can avoid becoming victims of fraud. The comprehensive effort included posters hanging in post office lobbies nationwide, newspaper

advertisements, public service announcements on the television and radio, and mail inserts alerting seniors to fraudulent schemes.

Our efforts to educate consumers during National Fraud Against Senior Citizens Awareness Week appear to have had some success. For example, during the first week of the campaign, a woman in her eighties went to a small post office in Pennsylvania to mail a \$2,200 cashiers check to Canada. She told the postmaster that she needed to send the money right away to pay taxes on \$162,000 that her husband had won in a Canadian sweepstakes. The postmaster, who had been educated by the campaign, was able to prevent the woman from sending her money to the con artists.

In addition to our efforts to educate consumers and prevent cross-border crimes, we must give law enforcement the tools it needs to put a stop to these con artists. Cross-border criminal activity has proved to be a particularly challenging problem for law enforcement. Jurisdictional

issues often make it difficult for law enforcement agencies to pursue criminals across borders, as well as to share evidence with their counterparts in other countries. We need to find ways for law enforcement agencies in different countries to coordinate their efforts in order to build a united front against cross-border con artists, because these crimes are on the rise.

We must look for more creative ways to combat this threat within our own borders. The goal of today's forum is to develop new ideas for private-public partnerships to stop this crime which affects so many Americans. A number of American companies have developed means of detecting and preventing scams aimed at them and their customers. It is my hope that some of these methods may be adapted to help law enforcement put a stop to these con artists.

I would like to conclude by thanking Chairman Muris for fighting so hard against cross-border crime. Together, I am confident that we can

put a stop to the schemes of cross-border criminals. I look forward to the chairman's report to Congress that will follow today's forum on this important issue and to reviewing the FTC's legislative proposals aimed at curbing cross-border fraud.

