

United States Senate

WASHINGTON, DC 20510

June 25, 2020

The Honorable William P. Barr
United States Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530

Dear Attorney General Barr:

We write today to urge the Department of Justice to take aggressive action to combat robocallers who are attempting to use the COVID-19 pandemic to scam Americans. These scams take many forms, including offering expedited access to economic stimulus payments for a fee, impersonating public health officials, and selling phony products that they claim can prevent or cure COVID-19. These offensive scams are a danger to the health and financial security of Americans.

Government and industry should always cooperate to fight illegal robocalls, but it is even more critical at a time when so many Americans are facing economic and health concerns. Companies across the telecommunication industry work together through the Industry Traceback Group (ITG) to trace and identify the originators of illegal robocalls. Over the course of the COVID-19 pandemic, the ITG has reported a wide variety of scam calls to the Federal Communications Commission, the Federal Trade Commission, the Department of Justice, and state attorneys general.

The Department of Justice holds primary responsibility for prosecuting individuals who take advantage of this crisis to commit fraud. Department leaders have directed investigators to allocate time and resources into investigating housing, hoarding, price-gouging and profiteering, and fraud. Congress looks forward to reviewing the fruit of those investigations, and we hope that the Department is able to protect Americans from criminals looking to exploit the COVID-19 public health emergency. We are concerned, however, that the Department has been less aggressive in actually following through on actions that could sanction scam robocallers and deter other criminals from perpetrating similar schemes.

Recently, the Federal Communications Commission proposed a record-setting \$225 million fine against Rising Eagle, a scam telemarketer misrepresenting itself as it was pushing health plans on unsuspecting consumers. The company was representing the insurance plans as being offered from prominent health insurers like Aetna, Blue Cross Blue Shield, Cigna, and UnitedHealth Group. However, when consumers went to purchase a plan, they were connected, not to the

advertised companies, but to Rising Eagle's clients who pushed their own health insurance plans on consumers.

While the allegations against Rising Eagle predate the current crisis, the victims continue to face the very real danger that they may lack adequate coverage as the COVID-19 virus continues to be a threat to the public. The Commission relies on the Department to collect fines against robocallers, and according to FCC Commissioner Jessica Rosenworcel, who cited a Wall Street Journal report,¹ a negligible amount of the hundreds of millions of dollars in FCC-levied fines against robocallers have been actually been collected by the Department.

This poor track record raises concerns that scammers using robocalls to deceive consumers and exploit anxiety associated the COVID-19 public health emergency will be able to act without significant fear of reprisal, and never made to disgorge the ill-gotten proceeds of their fraud.

To further understand the Departments actions, we request a response to the following questions by July 30, 2020:

1. Does the Department have data on how many credible COVID-19-related fraud complaints have been reported to the National Center for Disaster Fraud (NCDF) Hotline? If yes, please provide a breakdown of the number, and if possible, information on the general types of COVID-19 related fraud that have been reported.
2. Has the Department received referrals or information from other federal or state agencies on COVID-19-related fraud, and if so, what has the Department done to address these cases?
3. Please describe any actions you are taking with other relevant federal agencies, including the Internal Revenue Service, the Federal Trade Commission, and the Federal Communications Commission to combat COVID-19-related fraud.
4. Has the Department received referrals or information from the ITG on COVID-19 related fraud, and if so, what actions has the Department taken to address these cases?
5. Has the Department opened investigations into COVID-19 related fraud schemes yet, and furthermore, has the Department charged anyone in connection with COVID-19 fraud schemes yet?
6. What other actions has the Department taken to combat COVID-19 related fraud?
7. Will the Department commit to designating resources and personnel to collect any fine assessed by the FCC against Rising Eagle?
8. How many FCC-levied fines has the Department collected on since January 21, 2017? How many dollars has the Department collected from FCC-levied fines since January 21, 2017? What barriers to collection are in place, and does the Department believe that it needs additional statutory authority to collect, or that relevant statutes need clarification or updating?

¹ Sarah Krouse, *The FCC Has Fined Robocallers \$208 Million. It's Collected \$6,790*, Wall Street Journal (2019)

9. To what extent is the Department responsible for the historical under-collection of fines levied by the Federal Communications Commission against scam telemarketers? Is additional direction needed from Congress to ensure that the Federal Communications Commission and the Department work closer together and actually recoup fines levied against telemarketers?

Thank you for your attention to this matter, and we look forward to your response.

Sincerely,



Margaret Wood Hassan
United States Senator

/s/ Thomas R. Carper

Thomas R. Carper
United States Senator

United States Senate

WASHINGTON, DC 20510

June 25, 2020

The Honorable Ajit Pai
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai:

We write today to urge the Federal Communications Commission to take aggressive action to combat robocallers who are attempting to use the COVID-19 pandemic to scam Americans. These scams take many forms, including offering expedited access to economic stimulus payments for a fee, impersonating public health officials, and selling phony products that they claim can prevent or cure COVID-19. These offensive scams are a danger to the health and financial security of Americans.

Government and industry should always cooperate to fight illegal robocalls, but it is even more critical at a time when so many Americans are facing economic and health concerns. Companies across the telecommunication industry work together through the Industry Traceback Group (ITG) to trace and identify the originators of illegal robocalls. Over the course of the COVID-19 pandemic, the ITG has reported a wide variety of scam calls to the Federal Communications Commission, the Federal Trade Commission, the Department of Justice, and state attorneys general.

Recently, the Federal Communications Commission proposed a record-setting \$225 million fine against Rising Eagle, a scam telemarketer misrepresenting itself as it was pushing health plans on unsuspecting consumers. The company was representing the insurance plans as being offered from prominent health insurers like Aetna, Blue Cross Blue Shield, Cigna, and UnitedHealth Group. However, when consumers went to purchase a plan, they were connected, not the advertised companies, but to Rising Eagle's clients who pushed their own health plans on consumers.

While the allegations against Rising Eagle predate the current crisis, the victims continue to face the very real danger that they may lack adequate coverage as the COVID-19 virus continues to be a threat to the public. The Commission relies on the Department of Justice to collect fines against robocallers, and, according to FCC Commissioner Jessica Rosenworcel, who cited a Wall

Street Journal report,¹ a negligible amount of the hundreds of millions of dollars in FCC-levied fines against robocallers since 2015 have been actually been collected by the Department.

This poor track record raises concerns that scammers using robocalls to deceive consumers and exploit anxiety associated the COVID-19 public health emergency will be able to act without significant fear of reprisal, and never made to disgorge the ill-gotten proceeds of their fraud.

In April and May of this year, the Federal Trade Commission and Federal Communications Commission sent letters warning six gateway providers that were enabling COVID-19-related scam robocalls, including some originating from overseas, that they cease facilitating these calls or face punitive action. Given that there are extra complications involved in investigating overseas scam robocallers, and additional difficulties to recovering criminal proceeds, it is especially important to cut off overseas scammers as quickly as possible and protect Americans. At a time when anxiety over health and economic matters is increasing, our agencies protecting Americans from scams and fraud must be extra vigilant.

To further understand the FCC's actions in this regard, we request a response to the following questions by July 30, 2020:

1. Does the FCC have data that indicates how many and what categories of scams that are reported to FCC are related to COVID-19? If yes, please provide a breakdown by number and type of scam.
2. Please describe how you are coordinating with FTC, DOJ, and IRS to undertake enforcement actions specifically against COVID-19 related scammers.
3. Is additional direction needed from Congress to ensure that the FCC and DOJ work closer together and actually recoup fines that the FCC levies against robocallers? Does the FCC believe that either agency needs additional authority to collect?
4. Of the six gateway providers warned by the FCC and FTC in April and May to stop facilitating overseas COVID-19 scam robocalls, have all six complied with the agencies' directive? Of those that complied, please describe the actions taken by FCC to ensure continued compliance.

¹ Sarah Krouse, *The FCC Has Fined Robocallers \$208 Million. It's Collected \$6,790*, Wall Street Journal (2019)

Thank you for your attention to this matter, and we look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "Maggie Hassan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Margaret Wood Hassan
United States Senator

/s/ Thomas R. Carper

Thomas R. Carper
United States Senator

cc: Commissioner Michael O'Rielly
cc: Commissioner Brendan Carr
cc: Commissioner Jessica Rosenworcel
cc: Commissioner Geoffrey Starks

United States Senate

WASHINGTON, DC 20510

June 25, 2020

The Honorable Charles Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Commissioner Rettig:

We write today to urge the Internal Revenue Service to take aggressive action to combat robocallers who are attempting to use the COVID-19 pandemic to scam Americans. These scams take many forms, including offering expedited access to economic stimulus payments for a fee, impersonating public health officials, and selling phony products that they claim can prevent or cure COVID-19. These offensive scams are a danger to the health and financial security of Americans.

Government and industry should always cooperate to fight illegal robocalls, but it is even more critical at a time when so many Americans are facing economic and health concerns. Companies across the telecommunication industry work together through the Industry Traceback Group (ITG) to trace and identify the originators of illegal robocalls. Over the course of the COVID-19 pandemic, the ITG has reported a wide variety of scam calls to the Federal Communications Commission, the Federal Trade Commission, the Department of Justice, and state attorneys general.

The Internal Revenue Service has been working around the clock to process and send out stimulus payments to Americans. Granite Staters have so far received more than \$1.1 billion in CARES Act stimulus payments and ensuring that those payments make it to the correct recipient is a critical part of our economic response to COVID-19. These payments are targeted by scammers and used to trick and defraud Americans, depriving them of their cash assistance and, ultimately, weakening our economic response and recovery. In April, we sent a letter to Commissioner you urging cooperation and communication among IRS, the Federal Communications Commission, and the Federal Trade Commission to protect consumers from stimulus payment fraud, and asking IRS to implement the Government Accountability Office's identity protection recommendations from a 2018 report (GAO-18-418) in a timely manner.

To further understand IRS' actions in this regard, we request a response to the following questions by July 30, 2020:

1. Does the Internal Revenue Service have data that indicates how many and what categories of scams that are reported to IRS are related to COVID-19? If yes, please provide a breakdown by number and type of scam.
2. Please describe how you are coordinating with Federal Trade Commission, Department of Justice, and Federal Communications Commission to undertake enforcement actions specifically against COVID-19 related scammers.
3. Is the Internal Revenue Service developing or planning to conduct a “lessons learned” or after-action analysis on how communications, both internal and external, could be strengthened in the event that Congress authorizes further stimulus payments?

Thank you for your attention to this matter, and we look forward to your response.

Sincerely,



Margaret Wood Hassan
United States Senator

/s/ Thomas R. Carper

Thomas R. Carper
United States Senator

United States Senate

WASHINGTON, DC 20510

June 25, 2020

The Honorable Joseph J. Simons
Chairman
Federal Trade Commission
600 Pennsylvania Avenue, Northwest
Washington, DC 20580

Dear Chairman Simons:

We write today to urge the Federal Trade Commission to take aggressive action to combat robocallers who are attempting to use the COVID-19 pandemic to scam Americans. These scams take many forms, including offering expedited access to economic stimulus payments for a fee, impersonating public health officials, and selling phony products that they claim can prevent or cure COVID-19. These offensive scams are a danger to the health and financial security of Americans.

Government and industry should always cooperate to fight illegal robocalls, but it is even more critical at a time when so many Americans are facing economic and health concerns. Companies across the telecommunication industry work together through the Industry Traceback Group (ITG) to trace and identify the originators of illegal robocalls. Over the course of the COVID-19 pandemic, the ITG has reported a wide variety of scam calls to the Federal Communications Commission, the Federal Trade Commission, the Department of Justice, and state attorneys general.

As the federal agency tasked with protecting consumers, the Federal Trade Commission (FTC) is on the front lines and protecting Americans from predatory robocallers. The Commission has recorded more than 1,000 reports of fraud in New Hampshire so far for 2020. Commission data indicated that fraud has caused approximately \$1.5 million in losses to Granite Staters, a figure that represents an increase of more than \$1 million dollars more in reported losses when compared to the same period in time in 2019.

The figures from Delaware this year are equally troubling. The FTC has recorded 1,035 reports of fraud, amounting to \$1.4 million in losses to Delawareans. As such, we are concerned for the people of our states, and Americans across the country, who are victims of fraud during a time of national crisis. It is our hope that federal agencies are working with each other and state attorneys general to combat fraud and protect consumers.

In April and May of this year, the Federal Trade Commission and Federal Communications Commission sent letters warning six gateway providers that were enabling COVID-19-related scam robocalls, including some originating from overseas, that they cease facilitating these calls or face punitive action. Given that there are extra complications involved in investigating overseas scam robocallers, and additional difficulties to recovering criminal proceeds, it is especially important to cut off overseas scammers as quickly as possible and protect Americans. At a time when anxiety over health and economic matters is increasing, our agencies protecting Americans from scams and fraud must be extra vigilant.

To further understand the FTC's actions to date, we request a response to the following questions by July 30, 2020:

1. The FTC collects reports on scams using terms related to COVID-19 and Economic Impact Payment check or debit cards. Please describe the nature of reported scams and any characteristics unique to either COVID-19 or Economic Impact Payments.
2. Please describe any coordination with the Federal Communications Commission, the Department of Justice, and the Internal Revenue Service to undertake enforcement actions specifically against COVID-19 related scammers.
3. Please describe how the Consumer Sentinel Network has been utilized by non-federal law enforcement authorities to investigate scams related to COVID-19 and Economic Impact Payments. Has the FTC seen an increase in registrations for the Consumer Sentinel Network since January 31, 2020?
4. Of the six gateway providers warned by the Federal Communications Commission and the Federal Trade Commission in April and May to stop facilitating overseas COVID-19 scam robocalls, have all six complied with the agencies' directive? Of those that complied, please describe the actions taken by the Federal Trade Commission to ensure continued compliance.

Thank you for your attention to this matter, and we look forward to your response.

Sincerely,



Margaret Wood Hassan
United States Senator

/s/ Thomas R. Carper

Thomas R. Carper
United States Senator

cc: Commissioner Noah Joshua Phillips
cc: Commissioner Rohit Chopra
cc: Commissioner Rebecca Kelly Slaughter
cc: Commissioner Christine S. Wilson