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FEDERAL TRADE COMMISSION

Agency Information Collection Activities; Proposed Collection; Comment Request

AGENCY: Federal Trade Commission (“FTC” or “Commission”).

ACTION: Notice.

SUMMARY: The FTC intends to conduct a survey of consumers to advance its understanding of the prevalence of consumer fraud and to allow the FTC to better serve people who experience fraud. The survey will be a follow-up to three previous surveys, the most recent of which was conducted between November 2011 and February 2012. Before gathering this information, the FTC is seeking public comments on its proposed consumer research. Comments will be considered before the FTC submits a request for the Office of Management and Budget (“OMB”) review under the Paperwork Reduction Act (“PRA”).

DATES: Comments on the proposed information requests must be received on or before June 13, 2016.

ADDRESSES: Interested parties may file a comment online or on paper, by following the instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION** section below. Write: “Consumer Fraud Survey 2016: Paperwork Comment, FTC File No.

P105502” on your comment and file the comment online at

<https://ftcpublic.commentworks.com/ftc/fraudsurvey2016> by following the instructions on the

web-based form. If you prefer to file your comment on paper, mail your comment to the

following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania

Avenue, NW, Suite CC-5610 (Annex J), Washington, DC 20580, or deliver your comment to the

following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor Suite 5610 (Annex J), Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: Requests for additional information should be addressed to Keith B. Anderson, Economist, Bureau of Economics, Federal Trade Commission, 600 Pennsylvania Avenue NW, H-238, Washington, DC 20580, (202) 326-3428.

SUPPLEMENTARY INFORMATION:

Background: As part of its consumer protection mission, the FTC has brought hundreds of cases targeting perpetrators of consumer fraud and has committed significant resources to educational initiatives designed to protect consumers against such frauds. In order to ensure that its efforts in fighting fraud are as effective as possible, the Commission would like to make certain that it has current data on the prevalence of various types of consumer fraud.

The Commission has conducted three previous surveys designed to estimate the prevalence of consumer fraud among U.S. adults. The most recent survey was conducted between November 2011 and February 2012. A report describing the findings of that survey – *Consumer Fraud in the United States, 2011: The Third FTC Survey* – was released in April 2013 and can be found at https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-2011-third-ftc-survey/130419fraudsurvey_0.pdf.¹

The 2011 survey asked about consumers’ experiences with 15 specific and two more general types of fraud during the previous year. Among frauds covered by the survey were weight-loss products that did not work as the seller claimed they would; failure to deliver

¹ Each survey was conducted under OMB Control Number 3084-0125. The first consumer fraud survey was conducted in May and June of 2003. The results of that survey are reported in “Consumer Fraud in the United States: An FTC Survey” (<https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-ftc-survey/040805confraudrpt.pdf>). The 2005 survey was conducted in November and December of 2005 and the findings of that survey are reported in “Consumer Fraud in the United States: The Second FTC Survey,” (<https://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-second-federal-trade-commission-survey-staff-report-federal-trade/fraud.pdf>).

promised prize or lottery winnings after the consumer made a required purchase, paid money, or attended a required sales presentation; and buyers' club memberships that consumers had not agreed to purchase. Based on the survey results, during 2011, 25.6 million U.S. adults – 10.8 percent of the U.S. adult population – were victims of one or more of the frauds covered by the survey.

Among the 15 specific frauds included in the survey, the most frequently reported was the purchase of a weight-loss product that the seller falsely represented would allow the user to lose a substantial amount of weight easily or lose the weight without diet or exercise. The survey results suggested that during 2011 5.1 million consumers – 2.1 percent of the U.S. adult population – had tried such a product and found that they only lost a little of the weight they had expected to lose or failed to lose any weight at all.

Because the proposed survey will require obtaining answers from more than nine individuals, the Commission intends to seek OMB clearance under the PRA before conducting the survey. Under the PRA, 44 U.S.C. 3501 – 3521, federal agencies must obtain approval from OMB for each “collection of information” they conduct or sponsor if posed to ten or more entities within any twelve-month period. 44 U.S.C. 3502(3); 5 CFR 1320.3(c). “Collection of information” means agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. 44 U.S.C. 3502(3); 5 CFR 1320.3(c). As required by section 3506(c)(2)(A) of the PRA, the FTC is providing this opportunity for public comment before requesting that OMB authorize the proposed collection of information.

The FTC invites comments on: (1) whether the study is necessary, including whether the information will be practically useful; (2) the accuracy of our burden estimates, including whether the methodology and assumptions used are valid; (3) ways to enhance the quality,

utility, and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information.

Description of the Collection of Information and Proposed Use: The FTC proposes to conduct a telephone survey of up to 4,100 randomly-selected consumers nationwide age 18 and over – 100 in a pretest and 4,000 in the main survey – in order to gather specific information on the incidence of consumer fraud in the general population. The proposed sample size is similar to that used in the previous surveys. Many of the questions will be similar to the 2005 and 2011 surveys.² As before, one of the focuses of the survey will be to determine the prevalence of fraud among certain groups of consumers. These may include racial minorities, the elderly, members of the military, and those with low incomes. In order to obtain a more reliable picture of the experiences of such groups, the survey may oversample members of some of these groups. All information will be collected on a voluntary basis, and information on the identities of participants will not be collected. Subject to OMB approval for the survey, the FTC plans to contract with a consumer research firm to identify consumers and conduct the survey. The results will assist the FTC in determining the incidence of consumer fraud in the general population and whether the type or frequency of consumer frauds is changing. This information will inform the FTC about how best to combat consumer fraud. The FTC may choose to conduct another follow-up survey in approximately five years.

Estimated hours burden: The FTC will pretest the survey on approximately 100 respondents to ensure that all questions are easily understood. This pretest will take approximately 17 minutes per person and 28 hours as a whole (100 respondents x 17 minutes each). Answering the consumer survey will require approximately 15 minutes per respondent

² The survey instrument for the 2011 Consumer Fraud Survey is included in the 2013 report as Appendix D.

and 1,000 hours as a whole (4,000 respondents x 15 minutes each). Thus, cumulative total burden hours for the first year of the clearance will approximate 1,028 hours.

Estimated Cost Burden: The cost per respondent should be negligible. Participation is voluntary and will not require start-up, capital, or labor expenditures by respondents.

Request for comment: You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before June 13, 2016. Write “Consumer Fraud Survey 2016: Paperwork Comment, FTC File No. P105502” on your comment. Your comment – including your name and your state – will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals’ home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment doesn’t include any sensitive personal information, such as anyone’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial information which is . . . privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information, such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names. If you want the Commission to give your

comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you must follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).

Your comment will be kept confidential only if the FTC General Counsel grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online, or to send them to the Commission by courier or overnight service. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/fraudsurvey2016>, by following the instructions on the web-based form. When this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

If you file your comment on paper, write “Consumer Fraud Survey 2016: Paperwork Comment, FTC File No. P105502” on your comment and on the envelope, and mail it to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex J), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex J), Washington, DC 20024. If possible, submit your paper comment to the Commission by courier or overnight service.

The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before June 13, 2016.

For information on the Commission's privacy policy, including routine uses permitted by the Privacy Act, see <http://www.ftc.gov/ftc/privacy.htm>.

By direction of the Commission.

Donald S. Clark,
Secretary.

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