



Office of the Chair

UNITED STATES OF AMERICA
Federal Trade Commission
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**Statement of Chair Lina M. Khan
Joined by Commissioner Rebecca Kelly Slaughter and Commissioner Alvaro M. Bedoya
Regarding the Final Rule on the
Trade Regulation Rule on Impersonation of Government and Businesses
Commission File No. R207000**

February 15, 2024

Today the Federal Trade Commission finalizes its rule prohibiting government and business impersonation schemes and issues a supplemental notice of proposed rulemaking to extend this prohibition to impersonation of individuals. This final rule marks the first time since 1980 that the Commission has finalized a brand-new trade regulation rule prohibiting an unfair or deceptive practice.

Impersonation schemes cheat Americans out of billions of dollars every year. Fraudsters pretending to represent government agencies—like the Social Security Administration or the IRS—tell targets that if they do not hand over money or their sensitive personal information, then they could lose a government benefit, face a tax liability, or even be arrested. Scammers also commonly claim false affiliations with household brand names to bilk consumers for bogus services. This category of fraud skyrocketed during the coronavirus pandemic—with imposters scamming Americans out of reported \$2 billion between October 2020 and September 2021, an 85 percent increase year-over-year.¹ Losses remain high: FTC data show that in 2023 consumers reported losing \$2.7 billion to reported imposter scams.² Impersonation fraud has remained one of the largest sources of total reported consumer financial losses for several years.³

Public comments submitted to the Commission provide a snapshot of how impersonation frauds can devastate:

- One commenter reported on how a friend was scammed by someone claiming that they were with Publisher’s Clearing House and that she had won a sweepstakes. Her friend was scammed out of a total of \$367,000: “She used all of her savings . . . to help her grandchildren go to college and wiped out her IRA

¹ Fed. Trade Comm’n, *Fraud Reports: Trends Over Time* (2021), <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>.

² Fed. Trade Comm’n, *CONSUMER SENTINEL NETWORK DATA BOOK 2023* (2024), <https://www.ftc.gov/reports/consumer-sentinel-network-data-book-2023>.

³ Fed. Trade Comm’n, *Fraud Reports: Top Reports*, TABLEAU PUBLIC (last accessed Feb. 8, 2024), <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/TopReports>; see also Fed. Trade Comm’n, *CONSUMER SENTINEL NETWORK DATA BOOK 2020* (2021) at 4–8, https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-databook-2020/csn_annual_data_book_2020.pdf; see also, *Consumer Sentinel Network Data Book 2023*, *supra* note 2.

and now is left to pay the penalties for depleting it. This woman is now, at age 70, in a position of living only on her social security and has to try to find work. . . .”⁴

- Another commenter received a call from someone claiming to be with the U.S. Treasury Department, who asserted that her social security number had been compromised. This person lost all her money: “That money is from my mother’s life insurance policy who passed in 2019. My father needs that money to survive. I am devastated.”⁵
- A third commenter spoke of her mother being scammed by someone pretending to be with a government agency: “Before we, her family, realized the extent to which the imposters preyed upon her, she had divulged identity and banking information.”⁶

The rise of generative AI technologies risks making these problems worse by turbocharging scammers’ ability to defraud the public in new, more personalized ways. For example, the proliferation of AI chatbots gives scammers the ability to generate spear-phishing emails using individuals’ social media posts and to instruct bots to use words and phrases targeted at specific groups and communities.⁷ AI-enabled voice cloning fraud is also on the rise, where scammers use voice-cloning tools to impersonate the voice of a loved one seeking money in distress or a celebrity peddling fake goods.⁸ Scammers can use these technologies to disseminate fraud more cheaply, more precisely, and on a much wider scale than ever before.

In its supplemental NPRM, the Commission proposes to expand the rule’s prohibitions to also cover impersonation of individuals. If adopted, this additional protection will equip enforcers to seek civil penalties and redress when fraudsters impersonate individual people, not just government or business entities. Given the proliferation of AI-enabled fraud, this additional protection seems especially critical. Notably, the supplemental proposal also recommends extending liability to any actor that provides the “means and instrumentalities” to commit an impersonation scam. Under this approach, liability would apply, for example, to a developer who knew or should have known that their AI software tool designed to generate deepfakes of IRS officials would be used by scammers to deceive people about whether they paid their taxes. Ensuring that the upstream actors best positioned to halt unlawful use of their tools are not shielded from liability will help align responsibility with capability and control.

⁴ Comment Submitted by Anonymous, FTC Seek Comments on Advanced Notice of Proposed Rule; Impersonation ANPR, *Regulations.gov* (Feb. 22, 2022), <https://www.regulations.gov/comment/FTC-2021-0077-0131>.

⁵ Comment Submitted by Jamila Sherman, FTC Seek Comments on Advanced Notice of Proposed Rule; Impersonation ANPR, *Regulations.gov* (Feb. 22, 2022), <https://www.regulations.gov/comment/FTC-2021-0077-0127>.

⁶ Comment Submitted by Susan Frost, FTC Seek Comments on Advanced Notice of Proposed Rule; Impersonation ANPR, *Regulations.gov* (Feb. 16, 2022), <https://www.regulations.gov/comment/FTC-2021-0077-0031>.

⁷ Bob Violino, *AI Tools Such As ChatGPT Are Generating A Mammoth Increase In Malicious Phishing Emails*, CNBC (Nov. 28, 2023), <https://www.cnbc.com/2023/11/28/ai-like-chatgpt-is-creating-huge-increase-in-malicious-phishing-email.html>.

⁸ Eric Revell, *AI Voice Cloning Scams On The Rise, Expert Warns*, FOX BUSINESS (Sept. 23, 2023), <https://www.foxbusiness.com/technology/ai-voice-cloning-scams-on-rise-expert-warns>.

By unlocking civil penalties and redress, the final rule, along with the proposed supplemental provisions, will promote both more efficient enforcement and greater deterrence. In 2020, the Supreme Court held that the Commission cannot rely on Section 13(b) of the FTC Act to get money back to defrauded consumers,⁹ so rulemakings—while not a substitute for a legislative fix—can help ensure that lawbreakers do not profit from their lawbreaking and that wronged consumers can be made whole.

This rule marks the agency’s first brand-new Section 18 rulemaking since 1980. Although the authority to issue rules is clearly laid out in the FTC Act, bureaucratic red tape presented an obstacle to the agency’s exercise of this important statutory authority. Thanks to efforts initiated under Commissioner Slaughter’s leadership to align the procedural requirements for Section 18 rulemaking with the FTC Act’s statutory text, Section 18 rulemakings can now proceed more efficiently.¹⁰ This effort took two years from proposal to final rule, finally putting lie to the old idea that this must be an impossibly long process.

Many thanks to the FTC team for their swift work and dedication. This rule banning government and business impersonation will allow us to more vigorously and effectively protect Americans from fraudsters. And we are eager for public input on the supplemental NPRM that would extend this rule to cover impersonation of individuals. With the rapid rise of voice cloning fraud and other AI-based scams, additional protection for consumers seems especially critical. As these technologies enable more sophisticated and innovative forms of fraud, we will continue to ensure the Commission is activating all the tools Congress has given us and faithfully executing on our statutory mandate.

⁹ *AMG Cap. Mgmt., LLC v. FTC*, 593 U.S. ____ (2021).

¹⁰ Press Release, Fed. Trade Comm’n, FTC Votes to Update Rulemaking Procedures, Sets Stage for Stronger Deterrence of Corporate Misconduct (July 1, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/07/ftc-votes-update-rulemaking-procedures-sets-stage-stronger-deterrence-corporate-misconduct>.