

April 30, 2024

April Tabor, Secretary of the Commission
Office of the Secretary
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Impersonation SNPRM, R207000

The seven undersigned consumer advocacy and public interest organizations strongly support the Federal Trade Commission’s (“FTC” or “Commission”) proposed rule to combat impersonation fraud of individuals and artificial intelligence (“AI”) enabled scams. Additionally, we urge the Commission to strengthen the proposal by clarifying that the prohibition on the provision of goods or services for unlawful impersonation applies to both AI developers (those who design, create, and train the AI models) and AI deployers (those who implement and manage the user-facing applications and services of AI—often these are the developers but they can also be third-party licensees).¹

In 2023, consumer complaints reported to NCL’s Fraud.org website showed median losses of \$8,000 to romance scams and \$1,040 to family-and-friend imposters (including grandparent scams).² In that same year, the FTC received 97,480 reports of romance scams and family-and-friend imposters.³ The Commission noted in the Federal Register that over the past few years, median losses reported to the agency for these frauds ranged from \$1,850 to \$2,400 for romance scams and \$614 to \$800 for family-and-friend

¹ The Center for American Progress has examined in detail the differences between AI developers and deployers and why such distinctions are important for policymakers. “Generative AI Should Be Developed and Deployed Responsibly at Every Level for Everyone,” *Center for American Progress*, February 1, 2024. <https://www.americanprogress.org/article/generative-ai-should-be-developed-and-deployed-responsibly-at-every-level-for-everyone/>

² “Top Ten Scams – 2023,” *Fraud.org*, February 2024. <https://fraud.org/top-ten-scams-2023/>

³ “Appendix B3: Detailed Report Categories over Three Years,” *Consumer Sentinel Network*, February 2024. https://www.ftc.gov/system/files/ftc_gov/pdf/CSN-Annual-Data-Book-2023.pdf

impersonations.⁴ And while these median losses are high, many consumers lose far more, leading to devastating financial⁵ and emotional⁶ consequences. Often, these schemes do not involve the impersonation of business or government officials, but real or fictitious individuals.

Following the U.S. Supreme Court’s decision in *AMG Capital Management, LLC v. FTC*, the FTC is limited in how it may obtain monetary relief for victims of fraud and other unfair or deceptive acts or practices. The Commission’s proposed addition of “individuals” to its impersonation rule will allow the agency to more easily return funds lost to impersonation fraud, especially for those impacted by romance and grandparent scams.

Advancements in generative AI have expanded fraudsters’ ability to perform convincing impersonations. For example, voice cloning software reportedly enabled fraudsters to deceive a finance worker into wiring \$25.6 million to their bank accounts.⁷ Another high-profile incident involved the use of robocalls utilizing text-to-speech messages impersonating President Biden, encouraging voters to abstain from voting in the New Hampshire primary election.⁸

While some AI developers implement restrictions to prevent the misuse of their products, many do not. Generative AI tools with inadequate or nonexistent restrictions have enabled bad actors to edit ordinary photos of individuals into sexually explicit content. This often facilitates “sextortion” schemes, with the victims coerced into paying a sum of money under the threat of the fake—but explicit—images or videos being released.

⁴ “Fraud Reports,” *FTC Consumer Sentinel Network*, February 8, 2024.

<https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>

⁵ “‘They’re evil’: Retirees conned out of life savings in double imposter scam,” *KSAT.com*, November 2, 2023. <https://www.ksat.com/news/local/2023/11/02/theyre-evil-retirees-conned-out-of-life-savings-in-double-imposter-scam/>

⁶ “Woman struggles after scammer cleans out life savings,” *KUSA-TV*, November 17, 2023. <https://www.9news.com/article/news/local/woman-loses-life-savings-scam/73-7493666c-efad-43bc-868a-ffadc7e8e88a>

⁷ “AI Fuels New, Frighteningly Effective Scams,” *AARP*, April 3, 2024. <https://www.aarp.org/money/scams-fraud/info-2024/ai-scams.html>

⁸ “N.H. Primary Biden Deepfake Robocall Traced to AI Startup,” *PC Mag*, January 27, 2024. <https://www.pcmag.com/news/ai-powered-deepfake-biden-robocall-traced-back-to-elevenlabs>

The Federal Bureau of Investigation noted a 322% increase in sextortion reports between 2022 and 2023, attributing much of the increase to the availability of AI tools.⁹ While AI-facilitated sextortion schemes can impact anyone, they typically target minors and teenage boys specifically.¹⁰

Adding “individuals” to what is currently the Commission’s business and government impersonation rule will cover an important gap in the regulation and provide a critical pathway for victim restitution. Furthermore, the FTC’s proposal to prohibit the provision of goods or services used for unlawful impersonation is necessary to efficiently combat AI-empowered impersonation fraud. By holding both AI developers and deployers liable for their facilitation of illegal impersonation, developers will have a strong incentive to implement use restrictions and design their products with safety in mind. Additionally, this will encourage AI deployers to only do business with software developers who take steps to mitigate harm from their products.

The undersigned consumer advocacy and public interest organizations strongly support the Commission’s proposal and appreciate the FTC’s attention to these issues.

Sincerely,

Center for American Progress

Consumer Action

Consumer Federation of America

Electronic Privacy Information Center

National Association of Consumer Advocates

National Consumer Law Center (on behalf of its low-income clients)

National Consumers League

⁹ “FBI warns of AI deepfakes being used to create ‘sextortion’ schemes,” *Fox News*, July 6, 2023.

<https://www.foxnews.com/media/fbi-warns-ai-deepfakes-being-create-sextortion-schemes>

¹⁰ “Sextortion,” *National Center for Missing & Exploited Children*. <https://www.missingkids.org/sextortion>