

8401 73RD AVENUE N, SUITE 71 / MINNEAPOLIS, MN 55428

763.315.8043 / mraa.com

December 16, 2022

The Honorable Lina Kahn

Chair

Federal Trade Commission

Washington, D.C.

**Re: Comment to the Notice of Proposed Rulemaking for the Regulation Rule on Impersonation of Government and Business – Rulemaking, No. R207000.**

Dear Chair Kahn:

**PRELIMINARY STATEMENT**

**BACKGROUND ON OUTDOOR RECREATON ECONOMY AND SUPPORTING ENTITIES**

The undersigned entities are the leading non-profit organizations who represent thousands of businesses in America’s growing outdoor recreation economy. The undersigned organizations are 501(c)(6) non-for-profit entities, often referred to as “trade associations,” that offer products and services to respective member businesses to help them succeed in their business function. Tradeshows, expos, and other consumer- and business-related events are a primary revenue generator for the undersigned organizations, and these events have presented themselves as a significant opportunity for bad actors to attempt to defraud the undersigned organizations, our member businesses, AND their customers. Further, we are regularly being defrauded ourselves and are also being impersonated by those same bad actors in an attempt to target our most valued customers — our members. For these reasons, and many more, we support the regulations proposed in R207000.

Currently, America’s outdoor recreation economy is one of the Nation’s strongest sectors and generated 1.9% of GDP in 2021 and grew by a staggering 18.9% compared to a 5.9% increase for the overall U.S. economy. It is no secret the outdoor recreation economy continues to grow, and with that growth comes more opportunity for financial harm to the undersigned organizations, their member businesses, or their customers resultant from the growing practice of injurious forms of fraud.

The Marine Retailers Association of the Americas (MRAA) is the leading trade association of North American small businesses that sell and service new and pre-owned recreational boats and operate marinas, boatyards, and accessory stores. Representing more than 1,100 marine retailers, MRAA is the trusted public policy and political voice of the marine retail industry, its management and shareholders, and growing membership base. Our members are the small businesses that make water-based outdoor recreation possible for everyday Americans.

The MRAA also owns and operates the Dealer Week Conference and Expo, which occurs annually and is the single-largest trade show specifically for boat dealers in the United States.

The National Marine Manufacturers Association (NMMA) is the leading trade organization for the North American recreational boating industry. NMMA member companies produce more than 80 percent of the boats, engines, trailers, marine accessories and gear used by millions of boaters in North America. The association serves its members and their sales and service networks by improving the business environment for recreational boating including providing domestic and international sales and marketing opportunities, reducing unnecessary government regulation, decreasing the cost of doing business, and helping grow boating participation. As the largest producer of boat and sport shows in the U.S., NMMA connects the recreational boating industry with the boating consumer year-round. Learn more at [www.nmma.org](https://nam11.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.nmma.org%2F&data=05%7C01%7Ctfowler%40nmma.org%7Cf80d11fcbc51476dc75608dadf7a1109%7Cd7410f2a372a48f59cf8dc856dcb2761%7C0%7C0%7C638068012614751837%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=040MrVLD%2Fuu7o%2BkmFrEwzxJTiFkuwDeGI13GU2hEQvk%3D&reserved=0).

RVDA represents an industry with more than 2,600 RV dealerships with annual sales over $25 billion dollars employing 35,662 individuals with a payroll in excess of $1.6 billion dollars (2017 U.S. Economic Census). RVDA’s membership sells roughly 80% of national travel trailer sales, and 90% of motor home sales. The RV industry has a direct impact on 155,000 jobs, $8 Billion in wages and $27 Billion in economic output, and a much larger overall impact. Most of our dealer members are small businesses as defined by the Small Business Administration.  In 2017, RV dealers generated an average of $9.7 million in sales. RVDA owns and operates the annual RV Dealers Convention/Expo. This year registered attendance was 1,811 dealers, exhibitors, and industry partners. In addition to exhibitor-led Vendor Training +Plus sessions, the event featured educational workshops covering key aspects of dealer operations, including F&I, digital marketing, fixed operations, sales, and dealer/general management issues.

**STATEMENT OF SUPPORT FOR REGULATORY ACTION**

The MRAA and the undersigned organizations support the proposals put forth in R207000 and thank the FTC for their focus and dedication to protecting consumers and businesses while maintaining a fair and competitive free market and rebuilding collective trust in business and government. The undersigned organizations understand the Supreme Court decision in *AMG Capital Management, LLC v. FTC* has limited the FTC’s ability to recover money for victims of these schemes and we appreciate the FTC’s diligence in restoring FTC’s authority under Section 13(b) to provide restitution. Furthermore, the undersigned organizations agree the FTC properly addressed this issue but request “non-profit” entities, such as 501(c)(3), (6), and more, be included in the scope of this rule.

**EXAMPLES OF INJURIOUS FRAUD EXPERICNED BY THE SIGNEE’S**

* **Gift Card Scam – Internal Payment Scam, Impersonation of Business Officer**
  + The “gift card scam” is one of the most common types of scams experienced by the undersigned organizations and usually affects an organization’s staff. A gift card scam is quite simple – an email or text message is sent out to employees of an organization from an email account that is impersonating the CEO, President, or other individual in a leadership role of the organization. See Exhibit A for an example email and Exhibit B for an example of the fraud being attempted via text. The email prompts the recipient to then reach out via text message, and oftentimes, after making contact the assailant then uses an excuse they cannot talk on the phone and that they must communicate via text. Next the assailant requires various gift cards to be purchased by the employee and then photos of the gift cards code to be sent, allowing the scammer to then redeem them. It is important to note that the assailants may reach out to folks outside the organization and attempt to prey on Board Members or customers. This practice is pervasive and the undersigned organizations have all been subjected to some form of this fraud.
* **Hotel Room Scam – External Payment Scam, Impersonation of Business Officer**
  + Another type of business impersonation fraud in the trade show realm involves hotel reservation scams – referred to as the “hotel room scam”. These hotel room brokers prey on attendees by identifying themselves as the official housing providers for a particular show and then provide substandard housing or solicit attendee prepayments with nothing in return. The hotel room scam preys upon the members or customers of the Trade Shows or Expo’s put on by the undersigned organizations and are aimed at defrauding our customers. These scams are simple but effective in that the assailant pretends to be from the host organization and emails attendees to offer to help purchase their hotel room for the event, using a very similar email to the original sent by the host organization. After the assailant receives the payment information they process the payment, take the money, and are never or heard from again.
* **Exhibitor List Scam/ Exhibitor Booth Scam – External Payment Scam, Impersonation of Business Officer**
  + As a trade show and event owner and organizer, the undersigned organizations are concerned with the proliferating fraudulent business practice of selling falsified or stolen association attendee and/or exhibitor lists and/or booth fixtures or spaces – referred to as either “exhibitor list scam” or “exhibitor booth scam”. Exhibit C, D, and E, are all real examples of this attempted fraud and it is worth highlighting that in Exhibits D and E, official property of the undersigned organizations is used without permission. These scams have serious financial and reputational implications for the undersigned organizations and other organizations that sponsor shows with exhibitors. The exhibitor list scam and exhibitor booth scam preys upon both attendees and exhibitors at Trade Shows and Expos and are again aimed at defrauding the individual. In this scam, the assailant purports to be an employee from a host organization, an affiliated organization, or a private company, and sends an email to exhibitors and customers of the organization asking if they would like to purchase an “attendee list” or “booth space” for the Trade Show or Expo. Obviously, this is a scam, and after paying the customer does not receive a list or any booth space and is not contacted again.

The above examples are commonplace within the Trade Show and Expo industry and stand to have serious impacts on the social fabric between Trade Associations, our members, exhibitors, and other customers. Furthermore, these attempts of injurious fraud not only degrade trust among consumers, they also may result in significant financial harm for the undersigned organizations and our members and exhibitors. The proposed regulation will not only be instrumental in reducing the amount of fraudulent activity but will provide an avenue for financial restitution and should also help to rebuild trust between impacted businesses and consumers.

**RESPONSES TO QUESTIONS FOR COMMENT**

1. Yes, the Commission should finalize the proposed rule as it is drafted herein as the proposed regulation will provide means for consumers to be made whole after instances of injurious fraud, taking the financial burden off businesses and further disincentivizing this illegal practice.
2. See below;
   1. The acts that the proposed rule seeks to address are extremely common and the undersigned organizations, or their members, have each experience some type of impersonation fraud. While each of the undersigned organizations receives varying amount of impersonation attempts, the attempts have been as persistent as *at least* one employee receiving at *least* one fraudulent solicitation each day.
   2. Hopefully this will reduce the amount of impersonation attempts as well as help to rebuild trust between consumers and business.
   3. N/A.
3. N/A.
4. No, in the opinion of the undersigned organizations the proposed rule would not have a significant economic impact, if anything this proposed rule will have a positive economic impact, as it may save entities time from vetting for fraud and money from doing business with fraudulent entities or individuals.
5. N/A.
6. NA.
7. Yes, section 461.1 in the final rule should keep non-profit, including 501(c)(3) and 501(C)(6)’s, within the definition of “business”. The undersigned organizations themselves are non-profits, and despite this business classification, our members, exhibitors, and employees are subjected to a great deal of fraud. Furthermore, many criminals try to impersonate executive staff and other individuals in a leadership or outward facing sales role of the undersigned organizations in an attempt to defraud our members or their customers, and our exhibitors.
8. N/A.

**CONCLUSION**

The undersigned organizations are supportive of the proposed rule as currently drafted and believe the regulation will help deter fraudulent acts in the future while providing an avenue for victims to receive financial restitution. As non-profit entities these instances of fraud undermine our members and exhibitors trust around our Trade Shows, Expos, and general business functions, which may result in significant and unrecoverable financial harm. This proposed regulation will not only protect businesses and consumers from instances of fraud but will also help to maintain the trust between the undersigned organizations, our customers, and our members. If you have any further questions or would like to learn more about how these scams hurt our organizations, please feel free to reach out to Chad Tokowicz, Government Relations Manager at the MRAA, at [Chad@mraa.com](mailto:Chad@mraa.com).

Sincerely,

Chad Tokowicz

Government Relations Manager

Marine Retailers Association of the Americas

Tillie Fowler

Senior Vice President of Government Relations and Regulatory Affairs

National Marine Manufacturers Association

Brett Richardson

Director of Legal and Regulatory Affairs

National RV Dealers Association