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U.S. SENATE CLIMATE CHANGE CLEARING HOUSE

United States Senate

December 4, 2013

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The Honorable Edith Ramirez
Chairwoman
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20001

Dear Chairwoman Ramirez:

According to a recent National Public Radio (NPR) report (“I Applied For An Online Payday Loan. Here's What Happened Next,” November 6, 2013), a number of websites are operating as lead generators by collecting personal information on potential borrowers and then transferring that data to predatory lenders. Consumers, who initially provide their sensitive personal information to a website offering short-term loans, then may be bombarded with offers from a multitude of payday lenders. In these instances, consumers, who did not contact these lenders directly, receive loan offers with exorbitantly high interest rates. These business practices raise a number of concerns about what these lead generator websites do with consumers’ personal information, whether they store and secure it and whether these websites sell this personal information without consumers’ knowledge or consent.

The NPR report describes how payday loan matching websites may ask consumers to provide certain personal data in order to apply for a loan. Specifically, such information may include not only consumers’ names, addresses, and phone numbers, but also Social Security numbers and banking account and routing numbers. These websites claim that the information will be used to approve a loan for the consumer. However, it may be unclear to a consumer that the personal information entered on this one site will be shared with a constellation of other websites with which the consumer has no business relationship. The consumer may be under the impression that he or she is interacting with a lender, not a lead generator. In fact, the NPR report describes how consumers may receive dozens of calls from different companies beyond the initial site offering other high interest loan offers. In the NPR story, the stream of offers continued unabated even after the reporter declined the initial offer.

This correspondence follows up on a letter I wrote last year to a number of data broker companies. In that letter, my colleagues and I wrote that “Consumers, regardless of age, often have little or no knowledge about the identity of data brokers, how they collect personal information, and to which outside parties they sell or otherwise provide this information.” I am pleased that the Federal Trade Commission (FTC) has already taken action to investigate how data brokers collect and use data about consumers, and I urge you to scrutinize loan generator websites with the same level of attention.

The Honorable Edith Ramirez
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In an effort to protect consumers, I am interested in any actions the FTC has taken or plans to take to investigate the practices of lead generator websites involved in the payday loan industry. I believe an investigation of this practice would fall within the FTC's mandate as stipulated in Section 5 of the Federal Trade Commission Act with respect to protecting Americans from "unfair and deceptive acts or practices".

Thank you for your attention to this important matter and for your ongoing commitment to protecting consumers and making these business practices more transparent. If you have any questions, please have a member of your staff contact Joseph Wender at 202-224-2742.

Sincerely,



Edward J. Markey

Cc: Commissioner Julie Brill
Commissioner Maureen K. Ohlhausen
Commissioner Joshua D. Wright