

UNITED STATES OF AMERICA Federal Trade Commission WASHINGTON, D.C. 20580

Office of the Chair

## Remarks by Chair Lina M. Khan Public Briefing on Solar Consumer Fraud U.S. Department of Treasury and Consumer Financial Protection Bureau

## August 7, 2024

Hi, everyone. I'm thrilled to be here alongside Deputy Secretary Adeyemo and Director Chopra, who have both been key partners in protecting the public from predatory financial tactics.

The Federal Trade Commission enforces the laws banning unfair methods of competition and unfair or deceptive business practices, which are designed to ensure people don't get cheated, tricked, or coerced in the marketplace. A particular area of focus is ensuring that we're responding to market trends, especially as new areas of the economy take off.

One area where we've been tracking developments closely is solar energy. Over the last decade, more Americans have been opting for residential solar power as a way to lower their utility bills. But as this market has expanded, we've seen an uptick in complaints about fraudsters that are preying on people who are looking to buy solar panels for their homes. These scammers trick or coerce consumers into predatory contracts or purchases, sometimes with unfair financing schemes.

From January 2022 to June 2024, people reported losing *over a quarter* of a billion dollars in solar-related complaints. Reported monetary losses in the first half of this year have already exceeded last year's total. In that same time period, the FTC has also received over 120,000 complaints about robocalls and other unwanted callers pitching solar, energy and other utilities.<sup>1</sup>

Americans should be free to opt for solar power without getting defrauded, preyed upon, or ripped off. And honest firms should be able to compete in the marketplace, without losing out to firms that are cheating. To make this a reality, the FTC has been cracking down on fraudsters and scammers in this market.

First, in 2022, the FTC teamed up with the state of California to take on Ygrene, a clean energy financing company, for deceiving consumers about home improvement financing and for trapping people in liens that made it difficult to sell their homes.<sup>2</sup> We charged that this company

<sup>&</sup>lt;sup>1</sup> See FTC, Consumer Sentinel Network, <u>https://www.ftc.gov/enforcement/consumer-sentinel-network</u>.

<sup>&</sup>lt;sup>2</sup> Press Release, Fed. Trade Comm'n, FTC, California Act to Stop Ygrene Energy Fund from Deceiving Consumers About PACE Financing, Placing Liens on Homes Without Consumers' Consent (Oct. 28, 2022),

https://www.ftc.gov/news-events/news/press-releases/2022/10/ftc-california-act-stop-ygrene-energy-fund-deceivingconsumers-about-pace-financing-placing-liens.

relied on high-pressure sales tactics—and sometimes outright forgery—to lock consumers into harmful and restrictive contracts. As part of the settlement, the company paid out \$3 million in relief to consumers who were scammed.

Second, last year, the FTC charged Solar Xchange with making tens of millions of illegal telemarketing calls to people on the Do Not Call registry, on behalf of Vision Solar, a company that sells solar panels.<sup>3</sup> We charged that these telemarketers falsely claimed to be affiliated with a utility company or a government agency, and misrepresented the amount of money consumers could save on their energy bills. The FTC obtained an order against the telemarketers, shutting down these unlawful practices and stopping the telemarketers from making false claims about who they are and what their products cost. Litigation continues against the seller of the solar panels.

Third, this year, the FTC finalized a rule to hold accountable fraudsters that pretend to be affiliated with the government or a legitimate business—a tactic that we've seen scammers in the solar industry deploy.<sup>4</sup> Finalizing the rule will equip the FTC to not just get money back for defrauded individuals but also levy civil penalties, to make sure these bad actors are not profiting from their lawbreaking.

We are also collaborating with enforcement partners across government. Today, as part of this effort, Treasury, the CFPB, and the FTC have issued advisories and information to make sure people are on alert about solar scams. These materials identify common solar scams and make clear how people can file complaints to the government about these scams.<sup>5</sup>

By collaborating and sharing information across the government, we can cover each other's blind spots, find ways to turbocharge state-led efforts, and make sure that Americans are free to opt for solar without getting cheated.

There is so much good work underway across government to protect clean energy consumers from scams and indignities in the marketplace, and I look forward to continuing our partnership. Thanks so much. I'll now turn it over to my colleague, CFPB Director Rohit Chopra.

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<sup>&</sup>lt;sup>3</sup> Press Release, Fed. Trade Comm'n, FTC, Law Enforcers Nationwide Announce Enforcement Sweep to Stem the Tide of Illegal Telemarketing Calls to U.S. Consumers (July 18, 2023), <u>https://www.ftc.gov/news-events/news/press-releases/2023/07/ftc-law-enforcers-nationwide-announce-enforcement-sweep-stem-tide-illegal-telemarketing-calls-us.</u>

<sup>&</sup>lt;sup>4</sup> Press Release, Fed. Trade Comm'n, FTC Announces Impersonation Rule Goes into Effect Today (Apr. 1, 2024), https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-announces-impersonation-rule-goes-effect-today; see also, Leslie Fair, New Impersonator Rule Gives FTC A Powerful Tool For Protecting Consumers And Businesses, FTC BUSINESS BLOG (Feb. 15, 2024), https://edit.ftc.gov/business-guidance/blog/2024/02/newimpersonator-rule-gives-ftc-powerful-tool-protecting-consumers-businesses.

<sup>&</sup>lt;sup>5</sup> Larissa Bungo, *How To Avoid Getting Burned By Solar Or Clean Energy Scams*, FTC CONSUMER ALERTS (AUG. 7, 2024), <u>https://consumer.ftc.gov/consumer-alerts/2024/08/how-avoid-getting-burned-solar-or-clean-energy-scams</u>; Larissa Bungo, *Don't Waste Your Energy on a Solar Scam*, FTC CONSUMER ALERTS (AUG. 7, 2024), <u>https://www.ftc.gov/business-guidance/blog/2024/08/dont-waste-your-energy-solar-scam</u>.