



Office of the Chair

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

**Statement of Chair Lina M. Khan
In the Matter of R360 Network
Commission File No. 1823171**

May 17, 2022

Opioid addiction inflicts a devastating toll on families and communities, and the epidemic of addiction has only worsened during the pandemic.¹ Opioid overdoses rose 15 percent from 2020 to 2021, resulting in 80,000 deaths in 2021.² Shamefully, some are seeking to exploit and profit from these families' pain.³ In 2018 Congress passed the Opioid Addiction Recovery Fraud Prevention Act, giving the FTC authority to hold accountable bad actors taking advantage of families seeking substance abuse treatment for loved ones. Today's action marks the Commission's first enforcement action under this authority.

The Commission has obtained an order against the promoter of an addiction treatment network who is charged with deceiving consumers about the quality and characteristics of the treatment centers offered in their network. To address these charges—and to deter other bad actors—the agency secured a \$3.8 million civil penalty judgment against not only the company but also its owner, Steven Doumar. These defendants are also now barred from continuing to prey on struggling families. Today's action should signal to individuals who break the law that they cannot evade accountability by hiding behind a corporate shield.⁴

More broadly, today's enforcement action underscores the importance of fully exercising the legal authorities that Congress has granted us. In the century since lawmakers created the FTC, Congress has charged us with enforcement or administrative responsibilities under more than 70 laws. Faithfully discharging our statutory duties requires that we deploy this full set of tools. Accordingly, we are assertively harnessing our slate of authorities⁵—and should continue

¹ Meryl Kornfield, *U.S. Surpasses Record 100,000 Overdose Deaths in 2021*, WASH. POST (May 11, 2022), <https://www.washingtonpost.com/health/2022/05/11/drug-overdose-deaths-cdc-numbers/>.

² *Id.*

³ Jan Hoffman, *'You Murdered My Daughter': Relatives of OxyContin Victims Confront the Sacklers*, N.Y. TIMES (Mar. 10, 2022), <https://www.nytimes.com/2022/03/10/health/sacklers-opioids-victims.html>.

⁴ While investigating individual liability may require additional time and resources, it is critical in a matter as egregious as this one that the appropriate individuals are held accountable. I am confident that this is the case here.

⁵ Last year, for example, we finalized a rule regarding deceptive Made in America labels—authority that Congress granted the agency in 1994 but had been left dormant—and just last month we brought our first action under the rule, requiring a violator to pay a civil penalty of triple its profits. Last summer the Commission also put firms on notice that we will prioritize enforcement targeting unlawful repair restrictions, including through reviving enforcement of the Magnuson-Moss Warranty Act, and in September we activated the Health Breach Notification Rule, noting that it also covers data breaches involving health apps and connected devices. The Commission has also made quick use of the COVID-19 Consumer Protection Act, filing several major actions against companies making false claims relating to the pandemic and, where appropriate, naming individual defendants. *See* Press Release, Fed. Trade Comm'n, *FTC Issues Rule to Deter Rampant Made in USA Fraud* (July 1, 2021), <https://www.ftc.gov/news-events/press-releases/2021/07/ftc-issues-rule-deter-rampant-made-usa-fraud>; Press Release, Fed. Trade Comm'n, *FTC Enforces New Made in USA Rule against Lithionics and Owner Steven Tartaglia for Falsely Labeling Foreign-Made Batteries as American* (Apr. 13, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/04/ftc-enforces-new-made-usa-rule-against-lithionics-owner-steven-tartaglia-falsely-labeling-foreign>; Press Release, Fed.

doing so.⁶ The Opioid Addiction Recovery Fraud Prevention Act is one of these key tools, and we will deploy it aggressively to protect families and communities suffering from the pain and toll of addiction.

Trade Comm'n, FTC to Ramp Up Law Enforcement Against Illegal Repair Restrictions (July 21, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/07/ftc-ramp-law-enforcement-against-illegal-repair-restrictions>; Fed. Trade Comm'n, Statement of the Commission on Breaches by Health Apps and Other Connected Devices (Sept. 15, 2021), <https://www.ftc.gov/legal-library/browse/statement-commission-breaches-health-apps-other-connected-devices>; Compl., *United States v. B4B Earth Tea LLC*, No. 22-cv-1159 (E.D.N.Y. Mar. 3, 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/us_v_b4b_earth_tea_complaint_22cv1159.pdf (allegedly claimed tea was clinically proven to treat, cure, and prevent COVID-19); Compl., *United States v. Xlear, Inc.*, No. 2:21-cv-00640 (D. Utah Oct. 28, 2021), https://www.ftc.gov/system/files/documents/cases/filed_complaint_xlear_v_jones_v.1.pdf (allegedly claimed nasal spray provided four-hour protection against coronavirus); Compl., *United States v. Nepute*, No. 4:21-cv-00437 (E.D. Mo. Apr. 15, 2021), https://www.ftc.gov/system/files/documents/cases/2023188eneputecomplaint_0.pdf (allegedly claimed that vitamin supplement was more effective than vaccines); Compl., *FTC v. Frank Romero d/b/a Trend Deploy*, No. 5:21-cv-00343 (M.D. Fla. June 29, 2021), https://www.ftc.gov/system/files/documents/cases/complaint_-_trend_deploy.pdf (online marketer that allegedly failed to deliver PPE within promised timeframes and falsely claimed that consumers would receive N95 respirators certified by the FDA or NIOSH while providing inferior, cloth facemasks).

⁶ One particular tool that the Commission has recently revived is its Penalty Offense Authority, which gives the FTC the power to seek civil penalties if an entity engages in conduct similar to conduct that the Commission has previously found unfair or deceptive. Since last summer, we have sent more than 1,870 letters putting firms on notice that certain unlawful conduct could subject them to civil penalties. In April 2022, the FTC used our Penalty Offense Authority to seek \$5.5 million in civil penalties against Kohl's, Inc. and Walmart, Inc., alleging that the companies falsely marketed products as being environmentally friendly. *See* Press Release, Fed. Trade Comm'n, FTC Puts Businesses on Notice that False Money-Making Claims Could Lead to Big Penalties (Oct. 26, 2021), <https://www.ftc.gov/news-events/press-releases/2021/10/ftc-puts-businesses-notice-false-money-making-claims-could-lead>; Press Release, Fed. Trade Comm'n, FTC Targets False Claims by For-Profit Colleges (Oct. 6, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/10/ftc-targets-false-claims-profit-colleges>; Press Release, Fed. Trade Comm'n, FTC Puts Hundreds of Businesses on Notice about Fake Reviews and Other Misleading Endorsements (Oct. 13, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/10/ftc-puts-hundreds-businesses-notice-about-fake-reviews-other-misleading-endorsements>; Press Release, Fed. Trade Comm'n, FTC Uses Penalty Offense Authority to Seek Largest-Ever Civil Penalty for Bogus Bamboo Marketing from Kohl's and Walmart (Apr. 8, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/04/ftc-uses-penalty-offense-authority-seek-largest-ever-civil-penalty-bogus-bamboo-marketing-kohls>.