

September 13, 2023

The Honorable Lina M. Khan, Chair
The Honorable Rebecca Kelly Slaughter,
Commissioner
The Honorable Alvaro Bedoya,
Commissioner
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

The Honorable Rohit Chopra, Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Chair Khan, Commissioners Slaughter and Bedoya, and Director Chopra:

On behalf of the undersigned organizations, we urge both of your agencies to work together to investigate and protect consumers from the increasing threat of AI-generated “deepfake” voice clips and videos used for financial fraud.

As you are well aware, financial fraud already poses a significant threat to consumers. According to Federal Trade Commission (FTC) data, “Imposter Scams” ranked as the top category of fraud in 2022.¹ The CFPB’s Consumer Complaint Database shows that fraud or scams were reported in 43 percent of consumer complaints related to domestic money transfers,² 30 percent for payment apps,³ and 32 percent for virtual currency.⁴

Disturbing news stories have recently brought to light the use of deepfake technologies in deceptive phone and video calls to scam people out of their money.^{5 6} Paired with the rapid advancements in AI-powered chatbots, these incidents serve as a stark warning that the threat of financial fraud could escalate exponentially. AI-generated deepfakes not only convincingly

¹ Federal Trade Commission, *New FTC Data Show Consumers Reported Losing Nearly \$8.8 Billion to Scams in 2022* (press release), 23 February 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/02/new-ftc-data-show-consumers-reported-losing-nearly-88-billion-scams-2022>.

² From April 4, 2013 through July 31, 2023, the CFPB published a total of 17,935 complaints related to “Domestic (US) money transfer” in its Consumer Complaint Database, with 7,761 of those complaints categorized as “Fraud or scam.” The CFPB began taking domestic money transfer complaints on April 4, 2013. CFPB, *Consumer Complaint Database*, accessed 2 August 2023.

³ From April 24, 2017 through July 31, 2023, the CFPB published a total of 20,690 complaints related to “Mobile or digital wallet” in its Consumer Complaint Database, with 6,127 of those complaints categorized as “Fraud or scam.” The CFPB began taking mobile or digital wallet complaints on April 24, 2017. CFPB, *Consumer Complaint Database*, accessed 2 August 2023.

⁴ From August 15, 2014 through July 31, 2023, the CFPB published a total of 8,829 complaints related to “Virtual currency” in its Consumer Complaint Database, with 2,812 of those complaints categorized as “Fraud or scam.” The CFPB began taking virtual currency complaints on August 15, 2014. CFPB, *Consumer Complaint Database*, accessed 2 August 2023.

⁵ Pranshu Verma, “They thought loved ones were calling for help. It was an AI scam,” *Washington Post*, 5 March 2023.

⁶ Ella Cao and Eduardo Baptista, “‘Deepfake’ scam in China fans worries over AI-driven fraud.” *Reuters*, 22 May 2023.

mimic the voices and appearances of individuals known to consumers or employees of businesses and organizations but can also be scripted by AI-powered chatbots to communicate in a manner indistinguishable from that of the person being impersonated.⁷

Beyond deceiving consumers into fraudulent transactions, deepfakes pose serious security risks to financial institutions and their account holders. The U.S. Department of Homeland Security (DHS) highlighted the increasing threat of deepfakes in a 2021 report, in which it provided an example of how malicious actors could exploit deepfake audio to bypass voice authentication systems and gain unauthorized access to financial accounts.⁸

Given the gravity of these concerns, we urge the CFPB and FTC to explore and employ all available authorities, working in close coordination with each other, to protect consumers from this emerging threat.⁹

Examples of measures for your agencies to consider include:

- Increasing enforcement of existing fraud laws to combat deepfakes
- Ensuring that consumers are protected when they are defrauded into initiating transactions
- Scrutinizing the viability and security of biometric authentication systems

In the interim, it would be prudent to increase awareness about these dangers by:

- Providing consumer guidance during public appearances and through informational materials
- Promoting staff training within businesses and organizations to raise awareness of these new risks
- Updating resources such as the CFPB's handout on grandparent scams and the FTC's scams guide for small businesses and materials on phishing^{10 11}

⁷ Matthew Wright and Christopher Schwartz, "Voice Deepfakes Are Calling. Here's How to Avoid Them," *Gizmodo*, 24 March 2023.

⁸ U.S. Department of Homeland Security, *Increasing Threat from Deepfake Identities*, 2021.

⁹ We acknowledge the FTC's efforts on related matters thus far, such as conducting a workshop on voice cloning and studying the potential of AI to detect deepfakes. See Michael Atleson, Bureau of Consumer Protection, FTC, *Combating Online Harms Through Innovation*, 16 June 2022 and FTC, *You Don't Say: An FTC Workshop on Voice Cloning Technologies*, 28 January 2020, <https://www.ftc.gov/news-events/events/2020/01/you-dont-say-ftc-workshop-voice-cloning-technologies>. We encourage both the FTC and CFPB to conduct further research on the harms of deepfakes used for financial fraud and to explore the authorities available to both agencies in order to enhance consumer protection.

¹⁰ CFPB, *Grandparents scams* (handout), 2019, <https://pueblo.gpo.gov/CFPBPubs/CFPBPubs.php?PubID=13431>.

¹¹ FTC, *Scams and Your Small Business: A Guide for Business* (brochure), May 2018, <https://www.ftc.gov/business-guidance/resources/scams-your-small-business-guide-business>. FTC, *Phishing: Don't Take the Bait* (infographic), <https://consumer.ftc.gov/sites/www.consumer.ftc.gov/files/phishing-aba-infographic-508.pdf>.

As concerned stakeholders, we are ready to work with you to enhance consumer protections against deepfake-based financial fraud. If we can be of assistance to you, please feel free to contact Mike Litt at mlitt@pirg.org.

Thank you for your attention to this pressing matter.

Sincerely,

National Organizations

U.S. PIRG
Accountable Tech
Accountable.US
American Economic Liberties Project
Americans for Financial Reform Education Fund
Autistic Women & Nonbinary Network
Campaign for Accountability
Center for Digital Democracy
Center for LGBTQ Economic Advancement & Research (CLEAR)
Center for Responsible Lending
Common Sense Media
Communications Workers of America
Consumer Action
Consumer Federation of America
Consumer Reports
Electronic Privacy Information Center (EPIC)
Essential Information
Fight for the Future
Hip Hop Caucus
Main Street Alliance
National Association for Latino Community Asset Builders (NALCAB)
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
National Disability Rights Network (NDRN)
National Fair Housing Alliance
National Military Family Association

People Power United
Public Citizen
Revolving Door Project
The Tech Oversight Project
THE VALUE ALLIANCE
United We Dream
Woodstock Institute

State Organizations

AKPIRG
Arizona PIRG
CALPIRG
Clean Elections Texas
ConnPIRG
CoPIRG
Delaware Community Reinvestment Action Council, Inc.
Florida PIRG
Georgia PIRG
Georgia Watch
Illinois PIRG
Iowa PIRG
Maryland PIRG
MASSPIRG
MoPIRG
NCPIRG
New Jersey Citizen Action
NHPIRG
NJPIRG
NMPIRG
Northridge Indivisible
Northwest Center
Ohio PIRG
Oregonizers
OSPIRG

PennPIRG

PIRGIM

Progress Florida

Prosperity Works

Rise Economy (formerly California Reinvestment Coalition)

Social Security Works California

Texas Appleseed

TexPIRG

The Freedom BLOC

Tzedek DC

WashPIRG

WISPIRG