

U.S. Senator Maria Cantwell

Opening Statement at Senate Commerce Committee Hearing entitled, "Strengthening the Federal Trade Commission's Authority to Protect Consumers."

**Witnesses: The Honorable Rebecca Kelly Slaughter, Acting Chairwoman, Federal Trade Commission,
The Honorable Noah Phillips, Commissioner, Federal Trade Commission,
The Honorable Rohit Chopra, Commissioner, Federal Trade Commission,
The Honorable Christine Wilson, Commissioner, Federal Trade Commission
April 20, 2021**

Cantwell: The Senate Committee on Commerce, Science and Transportation will come to order. We are here this morning to have our first hearing of this 117th Congress with the Federal Trade Commission. So, I welcome the acting Chairwoman and Commissioners for this very first hearing. I'd like to begin with a discussion of a report released yesterday by the FTC. The report shines a spotlight on COVID-related fraud and scams preying on American consumers and their families during the pandemic. These bad actors are kicking consumers when they are already down; peddling fake COVID cures, trolling for personal data in order to commit identity theft, and selling counterfeit PPP to first responders. The FTC report shows a 45% increase in the number of consumer complaints filed for 2020 over 2019. This matches the increase in consumer complaints filed with the Washington Attorney General's office during the height of the pandemic.

That's why we're here today, to strengthen the Commission's ability to fight for consumers. Unfortunately, the FTC's long standing authority to return money to victims is endangered now at the Supreme Court. This authority, the so called "13B authority" is the bread and butter of the FTC's consumer protection mission. For more than 40 years, 13B has been used by the FTC to return funds illegally taken from consumers. The FTC has returned hundreds of millions of dollars to Americans injured by unlawful business practices. For instance, in 2019 The FTC returned \$34 million to consumers in a settlement with the Office Depot organization which ran bogus virus scans on consumers computers and used false results to persuade consumers to pay more for repairs. Because of 13B, relief to consumers included more than \$3.7 million to 58,000, residents of Texas, more than \$800,000 to 12,000 residents from Tennessee and more than \$1.2 million to about 20,000 Washington consumers.

Similarly in 2019, a settlement against the University of Phoenix, the FTC secured over \$40 million in cash to over 146,000 U.S. students, as well as student debt cancellation. The University of Phoenix attracted students with a false claim of job opportunities, including ads that had targeted military and Hispanic consumers. The FTC returned more than \$1.1 million to around 3,500 consumers in Tennessee and 3,000 consumers in Washington. These cases just demonstrate the need to maintain the long standing FTC authority, and the COVID pandemic has intensified, I believe, the need for that consumer protection. Since the beginning of the pandemic, the country has been besieged by scams and deception. For example, last April, the FTC sent a warning letter to a health clinic in Olympia, Washington, that was making unproven claims that it could treat COVID-19 with just a high dose of vitamin injections. The Seattle microbiologist marketed and sold unauthorized Corona vaccines to consumers for up to \$1,000 each. The FTC sent him a warning letter and he was later sued by our state's attorney general. So all of these scams along with one that was perpetrated about making the moniker of an N95 mask when it really didn't meet that standard, all of these things are why we want to make sure that the FTC has appropriate authority. The Commission filed a complaint last week, which used their new authority that we just gave them against another alleged seller of a sham COVID cure. So, we very much appreciate that you're using the new authority and working.

We need honest businesses, many of them small businesses, should not have to compete with businesses who are using these unfair tactics. So it's not only good for consumers, it's also good for our economy, and other businesses that are playing by the rules. So, I know that today we'll hear much more about this, but we have to do everything we can to protect this authority, and if necessary, pass new legislation to do so. So thank you all for being here. I'll introduce you in a minute, but now I'm turning to my colleague for his comments.

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Thank you Senator Wicker. Thank you for that comprehensive statement. I certainly appreciate you mentioning those issues that I definitely inclined to query the Commission today on data security rules because I agree there's more that needs to be done there. I hope that we will have a hearing in May on this issue of market dominance on the news because clearly there's so many issues there that both the DOJ and the FTC should be looking into. Ee've just been looking for the right time for us to get necessary work out the door so we can turn to that focus, but clearly we produced a report on some of this last year about their tech companies market dominance as it relates to media, so definitely very concerned about that. And just thank you for your leadership on it, I certainly appreciate the work that you and your team and others, Senator Booker and Blumenthal, everybody's been doing on such an important issue. So you're right, it's a good chance to also ask them about that. So, I don't think in an information age there's a shortage of issues that the FTC should be more aggressively involved in. So, we're glad you're here. Let me introduce the Honorable Rebecca Slaughter, who is the acting Chair of the Federal Trade Commission, the Honorable Noah Philips, a member of the FTC, the Honorable Rohit Chopra, who is with us as Commissioner of the FTC and remotely, the Honorable Christine Wilson. Welcome to you all again we're glad you're here. Thank you for your ongoing work and Madam Chair, we'll start with you.