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CONSUMERS BEWARE:

INCREASED RISKS DURING THE COVID-19 PANDEMIC

THURSDAY, JULY 9, 2020

House of Representatives,

Subcommittee on Consumer Protection and Commerce,

Committee on Energy and Commerce,

Washington, D.C.

The subcommittee met, pursuant to call, at 12:00 p.m., via Webex, Hon. Jan Schakowsky [chairwoman of the subcommittee] presiding.

Present: Representatives Schakowsky, Castor, Kelly, O'Halleran, Lujan, Cardenas, Blunt Rochester, Soto, Rush, Matsui, McNerney, Dingell, Pallone (ex officio), Rodgers, Upton, Burgess, Latta, Guthrie, Bucshon, Hudson, Carter, and Gianforte.

Also Present: Representative Walberg.

Staff Present: Billy Benjamin, Systems Administrator; Jeff Carroll, Staff Director; Sharon Davis, Chief Clerk; Lisa Goldman, Senior Counsel; Waverly Gordon, Deputy Chief

Counsel; Tiffany Guarascio, Deputy Staff Director; Alex Hoehn-Saric, Chief Counsel, Communications and Consumer Protection; Joe Orlando, Staff Assistant; Kaitlyn Peel, Digital Director; Tim Robinson, Chief Counsel; Chloe Rodriguez, Policy Analyst; Sydney Terry, Policy Coordinator; Anna Yu, Professional Staff Member; Mike Bloomquist, Minority Staff Director; William Clutterbuck, Minority Staff Assistant; Theresa Gambo, Minority Human Resources/Office Administrator; Tiffany Haverly, Minority Communications Director; Peter Kielty, Minority General Counsel; Bijan Koohmaraie, Minority Deputy Chief Counsel, Consumer Protection and Commerce; Ryan Long, Minority Deputy Staff Director; and Brannon Rains, Minority Policy Analyst.

Ms. Schakowsky. The Subcommittee on Consumer Protection and Commerce will now come to order.

Today, we will be holding a hearing entitled "Consumer Beware: Increased Risk During the COVID-19 Pandemic."

Due to the COVID-19 public health emergency, today's hearing is being held remotely. All the members --

Mrs. Rodgers. Hey, Jan, we can't hear you. I don't know. Are you muted?

Ms. Schakowsky. I am unmuted.

Mrs. Rodgers. I can't hear you, at least not yet.

Ms. Schakowsky. Okay. Can you hear me now?

Mrs. Rodgers. Not yet.

Ms. Schakowsky. I think it must be on your end then.

Mr. Rush. You are coming in loud and clear here.

Ms. Schakowsky. Okay. Can any Republicans hear me?

Mrs. Rodgers. Is it just me? I am not hearing anybody.

Mr. Gianforte. Yes, Jan. This is Greg Gianforte. I can hear you fine.

Ms. Schakowsky. Okay. I am going to continue while somebody helps fix the silent person. Okay.

Due to the COVID-19 public health emergency, today's hearing is being held remotely. All of the members and witnesses will be participating via videoconference.

As part of our hearing, microphones will be set on "mute" for the purpose of eliminating inadvertent background noise. Members and witnesses, you will need to unmute yourself, unmute your microphone each time that you wish to speak.

Additionally, members will need to be visible on screen in order to be recognized.

I messed up with that before and got out of order for my chance to speak, so be sure that if you are on that we see you.

Documents for the record can be sent to Chloe Rodriguez at the email address that we provided to all of the staff. And all documents will be entered into the record at the conclusion.

We are going to go to members' opening statements, but if I could take a moment of personal privilege to welcome Anna Yu back from maternity leave. She gave birth to Cassia, who is I think about 3 months old now, who joins her sister, Sage, as part of the family.

So welcome back to the staff, Anna.

And so let me begin, then, with my opening statement for 5 minutes.

Good morning, and thank you all for joining us today for a virtual hearing on consumer protection in the COVID era.

The COVID-19 pandemic has changed the lives of nearly every American consumer. In so many ways, technology has made the isolation that many Americans face far more bearable than, say, the social isolation experienced by Americans doing -- far less, I should say, far less unbearable than it was in the 1918 pandemic.

Unfortunately, the Trump administration hasn't risen to the moment and has instead dithered and reflexively deterring -- I am sorry -- deferring to the private sector instead of leading.

Even before the pandemic, consumers reported a feeling of helplessness with respect to the digital economy. Despite the Trump administration's counting on the private sector to play a key role in the response and recovery, Big Tech has allowed fraud, fake news, fake reviews, counterfeit and stolen product to get into the marketplace.

Price gouging has continued most unfettered on platforms because of our weak

and uneven Federal response. That is why I initiated and introduced the Price Gouging Prevention Act, along with Chairman Pallone. It was included in the HEROES Act, which Senator McConnell has yet to take up.

The current crisis has also laid bare our platforms' need to be doing more to protect consumers and ensuring they have the same rights online as they have when they go shopping in person.

And that is why I am proud to be introducing an updated version of the Informed Consumers Act. I would like to thank Senators Durbin and Cassidy in the Senate for being partners on that. And this commonsense legislation would ensure that consumers have information that they need when an online seller fails to deliver the goods or services that they were promised.

And I hope our colleagues on both sides of the aisle would join us in supporting this important bill and that it might be favorably reported by this subcommittee.

I am looking for the clock. Almost out. Okay.

Transparency alone is simply not enough. Agencies like the Consumer Product Safety Commission must aggressively be stopping dangerous products that can actually kill or harm Americans from reaching consumers.

The administration, however, has continued to prioritize corporate interests over the safety of the public. And nowhere is this clearer than in the continued support for Nancy Beck. I will get into that more later, but Nancy Beck is the nominee for the Consumer Product Safety Commission Chair.

And, at this point, I will stop and put the rest of my opening statement in the record and recognize our ranking member, Mrs. Rodgers, for an opening statement.

[The prepared statement of Ms. Schakowsky follows:]

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Mrs. Rodgers. Good morning, Madam Chair. And I am sorry for the interruption earlier. It was on my end, I guess. I wasn't hearing. But I appreciate you bringing us together today.

I want to thank the witnesses for participating today. I look forward to the expert testimony of our panel, and I value your insights.

However, this hearing should also include the relevant agencies in our jurisdiction. That includes the FTC, the CSPC, which are essential to our mission to protect consumers. This administration has made it a priority to protect Americans during this health and economic crisis, and hearing directly from the Commissioners should have been a part of today's discussion.

In addition, while the subject matter for this hearing is broad, I believe that there is a striking omission from the background memo. Data privacy is the most fundamental consumer protection we could advance.

And we should right now be working together. We enthusiastically participated in good-faith negotiations with the majority which preceded the COVID-19 outbreak. Although the pandemic broke the rhythm of our talks, it has made the need for a strong national privacy standard more urgent.

There are plenty of proposals out there. Notably, our subcommittee has developed the only bipartisan staff draft on either side of the Hill. My hope was that this draft would serve as a foundation for a strong, bipartisan bill that we could introduce together, Chair Schakowsky and myself.

There are also targeted proposals that include protections during the pandemic, including one from Chair Schakowsky and Chair Eshoo. To protect people's privacy, I am open to a targeted proposal, but the partisan process and the product has done serious

harm to our bipartisan talks on a broader bill.

Frankly, partisan proposals have no chance of being signed into law. If the majority chooses to come back to the negotiation table, I know we can still pass a comprehensive, bipartisan bill in the House.

If the point of targeted bills is that we want consumer protections during this crisis, why don't we find an agreement on a broader bill now and put a sunset date on it for us to revisit it later?

This is not my first choice to a solution, but if we don't act now and work together, I fear a few more years will slip away before we see real action. And the result will be a bigger patchwork of laws, and it will be impossible for people to trust how their privacy is protected.

It has never been more important that we set a national standard. More Americans are spending their days online than ever before. There are many data-driven proposals for contact tracing that have raised privacy concerns. Small and medium-size businesses, who are already struggling to survive, must now worry about being crushed by CCPA enforcement and frivolous lawsuits.

Chairman Pallone tweeted that he wanted to pass a comprehensive privacy bill by the end of this Congress. Let's get it done. With our bipartisan draft, no one else is better positioned to do this. Let's see how it works for a set period and then negotiate to extend it with the added hindsight. If we succeed, Americans won't be left with uncertainty over how their data is collected during this pandemic and in the future.

Another area where certainty is needed is in liability protection. For our economy to boom again, we must address the liability uncertainty hanging over the head of every small-business owner out there. If we strike the right balance between protecting the safety of our workers and protecting employers from frivolous lawsuits,



people can get back to work safely and have the opportunity again to build a better life.

To win the future, we should also be focusing on the importance of emerging technologies that enhance consumer protection.

Generally and in relationship to the pandemic, the Trump administration has been at the forefront of American leadership in emerging tech. For example, the Office of Science and Technology Policy is leading a public-private partnership that leverages AI and quantum computing in our fight against the virus.

Many of the problems we are talking about here today could be solved with progress in advanced materials, blockchain, and quantum computing. Not only will these technologies help us fight scams, unsafe products, and misinformation directly, they will help us ensure that we lead the world and beat China, which is the greatest source of fake and unsafe products and dangerous information.

I thank you again, and I look forward to the discussion.

[The prepared statement of Mrs. Rodgers follows:]

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Ms. Schakowsky. I want to thank the ranking member.

And let me just say before I call on Mr. Pallone, our chairman of the full committee, that, absolutely, we need to work together. It is definitely my intention to continue to meet with you, to talk about both the short term, during this pandemic, privacy issues and the longer term. And I thank you for raising that.

And now let me call on the chairman of the full committee for his 5 minutes for an opening statement.

Mr. Pallone?

The Chairman. Thank you, Chairwoman Schakowsky.

And today we are continuing your subcommittee's work of protecting consumers by examining the increased risk that consumers face from scams and unsafe products during the COVID-19 pandemic.

And while the direct loss of life is the most terrible consequence of the pandemic, its devastation extends beyond the infection. Tens of millions of people have lost their jobs. And the pandemic has also completely upended American life, forcing Americans to dramatically change how they work, how they learn, how they socialize.

In New Jersey, data shows people were spending 98 percent of their time at home during the peak of the outbreak here in April. And, now, with COVID-19 infections surging across the country, this new normal looks like it is going to last a long time.

The health experts tell us that we are safer at home, but more time at home can also result in risks to consumers' health, safety, and financial well-being. Young children, for example, are particularly at risk to household threats, as parents, struggling to juggle work and childcare, are more likely to inadvertently leave their unsupervised, you know, young person or children, and there is more potential for injury from

household dangers, for example. And for older Americans and senior citizens, months on end with little interpersonal contact and support has left them particularly vulnerable to the fraudsters preying on their isolation.

So, in March, just before much of the country went on lockdown, the subcommittee had a hearing to examine the proliferation of fake and unsafe products in the online marketplace. And while e-commerce has become something of a lifeline for many Americans sheltering at home, it has also laid bare the ubiquity of unsafe and counterfeit products, as well as this truth that scammers abound, making what is already a nightmare even worse.

And Americans have purchased bogus treatments and sham testing kits from unscrupulous sellers that flood social media sites. Even hospitals have fallen victim to inadvertently purchasing counterfeit face masks that put the lives of our frontline health workers at risk.

With widespread shortages and supply chain delays on key medical equipment and household essentials, opportunistic sellers are also price gouging consumers.

And I think we have made some job gains in the last few months, but, still, nearly 18 million Americans are still unemployed. Scammers are exploiting Americans struggling financially, including by targeting their stimulus checks and unemployment benefits. Scammers have come with new versions of the old scams, posing as the government, fundraising for fake charities, among other things.

And I think that the ongoing pandemic is no excuse to stop our vigilance on these consumer-protection threats. So I am proud to have joined you, Madam Chair, in introducing the COVID-19 Price Gouging Prevention Act, which prohibits the sale of consumer goods and services at unconscionably excessive prices. This legislation was included in the HEROES Act, which the House passed in May.

And social media platforms also need to do their part to protect American consumers. Yesterday, along with Subcommittee Chairs Schakowsky, Doyle, and DeGette, I sent a letter to Facebook, Google, and Twitter requesting regular monthly updates on their response to COVID-19 disinformation.

The troubling rise in COVID-19 disinformation is driving fear and conspiracy theories and impairing consumers' ability to make rational and informed purchasing decisions and pushing consumers into the very traps of scammers peddling unproven and unbranded or misbranded products.

So I look forward to this hearing. I have no doubt that what you are doing, Jan, is more important than ever given the COVID crisis, because, you know, I know that -- I am in my district office in Long Branch today. We are still closed; we are still operating virtually. But we are getting all kinds of calls from people talking about price gouging and scams. So this is a particularly important hearing.

And I want to thank the witnesses as well.

I yield back.

[The prepared statement of the chairman follows:]

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Ms. Schakowsky. The gentleman yields back.

And now the chair recognizes, as I understand it, Mr. Carter, who will be taking the place of the -- right now as the ranking member of the full committee for today.

So, Mr. Carter, you are recognized for 5 minutes for your opening statement.

Mr. Carter. Madam Chair, did you say it was just for the day? I thought it was permanently. Dadgum.

Madam Chair, thank you for holding today's hearing and for the committee's efforts to highlight the issues facing consumers during this pandemic.

Every day, we hear and see stories about people utilizing this time to scam, defraud, and steal money from our fellow citizens. We are living through unprecedented times and are seeing bad actors try to take advantage of Americans during this pandemic.

I am pleased to see the Trump administration step up and fight back. Earlier this year, President Trump signed an Executive order on hoarding and price gouging, and we have seen the Federal Trade Commission ramp up its efforts to both educate consumers and pursue actions against bad actors.

Whether it is price gouging on personal protective equipment or scamming money from senior citizens, there is a continued need for agencies like the FTC to work with private-sector partners to strengthen protections for Americans.

I think it is also important to look at the progress that has been made by the FTC during this pandemic. They certainly have met this challenge. Since January, there have been over 122,000 reports to the FTC regarding fraud and other unsolicited activities. Of that number, 63,000 were for fraud, for a total loss of \$79 million.

The FTC has done a good job of fighting this behavior, but they haven't done it

alone. The private sector has taken a proactive approach in protecting their customers and negating these fraudulent actions. It is this continued partnership that can ensure maximum effectiveness while addressing all aspects of the problems we are seeing popping up across the country.

I have introduced bipartisan legislation, the Combating Pandemic Scams Act, which is designed to strengthen the partnership between Federal agencies overseeing these issues. They would be required to disseminate that information to the public, including how to spot and report these scams in a way that is easily accessible and digestible and in a manner that prioritizes senior citizens and people with infirmities and disabilities.

I firmly believe that more action in this space will help us, as a committee, address these actions across the country. Americans around the U.S. should be able to protect themselves, and one way to do that is arming them with up-to-date information on the practices to avoid. If they can spot this and report it to the appropriate agencies, they can help to protect their neighbors and communities.

I look forward to today's hearings and our efforts to protect Americans against fraud, and I hope that we will be able to continue bipartisan dialogue on solutions. I believe this is an area where we can find common ground, and today's hearing is a step in the right direction.

With that, I want to yield the remaining time to my colleague, Mr. Hudson of North Carolina.

[The prepared statement of Mr. Carter follows:]

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Mr. Hudson. Thank you, Mr. Carter.

And thank you, Madam Chair.

Before I begin, let me first extend a very special welcome to one of our witnesses, Kevin Anderson of the North Carolina Department of Justice.

In North Carolina, we have seen pervasive attempts to defraud consumers, especially among elderly populations. Last month, over \$310,000 was lost to COVID-related scams in our State. Additionally, NCDOJ has received 4,908 reports of illegal robocalls since the beginning of the COVID pandemic.

This is just a small slice of what is happening across the country but illustrates the importance of addressing this issue.

We appreciate you joining us today, Mr. Anderson, and we look forward to your testimony.

For the past several months, the United States, along with the rest of the world, has grappled with COVID-19 and its impact on our health, safety, and way of life. But not only has COVID-19 proven to be a daily disease, it has created an environment for nefarious actors to take advantage of people.

During our hearing on misinformation in the digital age, I discussed efforts I have taken to prevent the online sale and abuse of opioids. I believe we must take a similar approach to prevent the sale of deliberately misleading medications as it relates to COVID-19.

I am proud to join Mr. Carter as an original cosponsor of the Combating Pandemic Scams Act and am pleased to see how the use of emerging technologies has not only allowed individuals to stay connected during this historic pandemic but also enabled us to leverage new resources to combat the scams and fraudulent activity.

I am also thankful that there have been significant efforts by President Trump's administration and the private businesses taking action to eliminate deceptive behavior before they negatively impact our consumers. Together, they have shown the need for more public and private sector working together.

I look forward to working with my colleagues on both sides of the aisle to stay ahead of the changing nature of these scams.

And, with that, Madam Chair, I will yield back the remaining 20 seconds of our time. Thank you.

[The prepared statement of Mr. Hudson follows:]

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Ms. Schakowsky. The gentlemen yield back.

And now the chair would like to remind members that, pursuant to committee rules, all members' written opening statements shall be made part of the record.

[The information follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

Ms. Schakowsky. And now I have the pleasure to introduce our witnesses for today's hearing.

Sally Greenberg is executive director of the National Consumers League, which I understand is a well-over-100-years-old organization.

Thomas Quadman is executive vice president of the Center for Capital Markets Competitiveness, the Chamber Technology Engagement Center and the Global Innovation and Policy Center at the U.S. Chamber of Commerce.

And Kevin Anderson, senior deputy attorney general and director of the Consumer Protection Division at the North Carolina Department of Justice.

We want to thank our witnesses for joining us today. We look forward to your testimony.

And, Ms. Greenberg, you are now recognized for 5 minutes.

**STATEMENTS OF SALLY GREENBERG, EXECUTIVE DIRECTOR, NATIONAL CONSUMERS LEAGUE; THOMAS QUAADMAN, EXECUTIVE VICE PRESIDENT, CENTER FOR CAPITAL MARKETS COMPETITIVENESS, CHAMBER TECHNOLOGY ENGAGEMENT CENTER, GLOBAL INNOVATION POLICY CENTER, U.S. CHAMBER OF COMMERCE; AND KEVIN ANDERSON, SENIOR DEPUTY ATTORNEY GENERAL, DIRECTOR OF THE CONSUMER PROTECTION DIVISION, NORTH CAROLINA DEPARTMENT OF JUSTICE**

**STATEMENT OF SALLY GREENBERG**

Ms. Greenberg. Thank you so much. Good morning, or good afternoon, depending on what time zone you are in, Chairwoman Schakowsky, Ranking Member McMorris Rodgers, and members of the subcommittee. And thanks to the tremendous staff work that has gone into putting this very important hearing together.

My name is Sally Greenberg. I am executive director of the National Consumers League. And, indeed, we have been around for over 120 years. I so appreciate your giving the NCL the opportunity to provide the subcommittee with our views on the increased risk of consumer fraud stemming from the COVID-19 pandemic.

The COVID-19 pandemic has created an unprecedented tsunami of scams. A combination of rampant fear and misinformation about the virus combined with an economic catastrophe has made consumers more vulnerable than ever.

Consumers are telling us about scammers stealing stimulus or unemployment checks, price gouging for in-demand items such as protective masks and gloves, sales of fake healthcare products claiming to treat or cure or vaccinate against COVID-19, and companies refusing consumer refunds for things like concerts or sporting events that

have been canceled. As one headline put it about the COVID-19 pandemic, it has been pure hell for far too many consumers.

The statistics about fraud linked to COVID-19 are sobering. Since the beginning of 2020, the Federal Trade Commission has received more than 122,000 complaints about scams, identity theft, and other types of fraud linked to COVID-19. And the FTC data is likely just the tip of the iceberg.

In April alone, Google announced that it was tracking more than 18 million malware and phishing emails related to COVID-19 per day. The Secret Service recently testified over in the Senate, in the Senate Judiciary Committee, that at least \$30 billion will end up in the hands of criminals.

And the Department of Labor's inspector general has estimated that there could be at least \$26 billion in wasted unemployment insurance funds paid out, with a large portion attributable to fraud. And, in fact, in Washington State alone, criminals reportedly collected as much as \$650 million in such unemployment benefits.

Fraud linked to COVID-19 is a threat to public health as well. The pandemic has been a boon to scammers selling bogus coronavirus cures, vaccines, testing kits, and CBD-infused, immunity-boosting products. At best, those products are ineffective; at worst, they can be dangerous or even deadly, particularly if a consumer is relying on such quack medicines instead of taking steps to reduce the risk of contracting the virus or seeking treatment when symptoms appear.

Since March, the FDA has sent 80 warning letters to purveyors of fraudulent COVID-19 treatment products, and the Federal Trade Commission has warned more than 250 companies for similar conduct.

The pandemic is also exacerbating the threat posed by unsafe products in the home. As the subcommittee has noted, since the beginning of the pandemic, child

drownings, calls to Poison Control, and other hazards related to in-home products have all increased as we all shelter in place.

The CPSC's website currently features a prominent notice warning consumers that remedies identified in its recall alerts may not be available due to the pandemic. The pandemic has also temporarily prevented some companies from accepting back recalled items.

And while we are encouraged by the governmental approach to fighting back against COVID-19 scams, more needs to be done, in our view, to protect the public from the torrent of fraud and unfair and deceptive marketplace practices that threaten to overwhelm millions of consumers. The scourge of the coronavirus will not be significantly reduced by enforcement and consumer education alone. In particular, policy steps to address scammers' reliance on vulnerable payment systems are needed to augment enforcement and education.

For example, we have on the books the Electronic Fund Transfer Act and the Fair Credit Billing Act, which provide consumers with important liability protections when credit cards and debit cards are involved and used fraudulently. And we believe those kinds of protections should be extended to other payment mechanisms that fraudsters use, such as wire transfers, gift cards, and bank accounts.

At the NCL Fraud Center -- we have the URL [fraud.org](http://fraud.org), so we know a lot about fraud -- we are also receiving a steady stream of reports of scammers using peer-to-peer payment services like PayPal's Friends and Family, Venmo, Zelle, and CashApp to defraud consumers. And we recently met with PayPal to discuss how the users of their services could be better protected.

And while these initial meetings have been encouraging, we urge members of this subcommittee to work with colleagues on Financial Services and other committees of

jurisdiction to develop policies that better protect users of peer-to-peer payment services from fraud of all kinds, particularly scams linked to COVID.

Chairwoman Schakowsky, on behalf of the National Consumers League, we thank you for your continuing work to protect the public from scams and for including the consumer perspective as you consider these important issues.

Thank you.

[The prepared statement of Ms. Greenberg follows:]

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Ms. Schakowsky. Well, thank you.

And now Mr. Quaadman is recognized for 5 minutes.

#### **STATEMENT OF THOMAS QUAADMAN**

Mr. Quaadman. Thank you, Chairwoman Schakowsky, Ranking Member McMorris Rodgers, members of the subcommittee. I appreciate the opportunity to testify before you today.

COVID-19 has had profound impacts on our society. It has changed how people live, work, learn, and how they provide for their daily needs. It has changed how businesses operate and how they interact with their customers. It has also revealed shortcomings in the digital ecosystem and both our private and public ecosystems.

Addressing these issues will help everyday Americans get through the crisis, assist in finding vaccines and treatments, create the marketplace of the future, provide consumers with more information, choices, and opportunities, and establish new efficiencies in the private and public sectors while promoting opportunities for economic recovery and job creation.

The business community and tech industry have been rising to meet these challenges.

Splunk, TransUnion, and Salesforce have been leading a data-driven approach to track COVID-19 and help businesses reopen. HERE, SAS, SAP, and Facebook have systems helping with mapping and tracking of COVID-19. IBM, Oracle, RELEX, SAP, Google, and Microsoft are using databases, supercomputing, cloud, and AI technology to help with medical research.

TransUnion is providing consumers with free weekly credit reports as well as giving tools to help consumers to protect their identity and credit. Amazon and 3M are fighting price gouging. Amazon is removing counterfeit products from its platforms.

AT&T, Charter, Comcast, and Verizon are keeping people connected regardless of their ability to pay. Intel, AT&T, and Charter are helping low-income students with distance learning. Uber, Lyft, and Postmates are providing aid to their workers. Instacart is in the process of or has hired 550,000 shoppers to help with on-demand grocery delivery.

The Chamber, since mid-March, has convened almost 200,000 people to explore resolution of these issues, to help educate businesses on reopening, as well as to help with relief efforts.

Indeed, the Global Brands Council of our Global Innovation Policy Center has developed and published a guide for consumers on how they can identify and avoid counterfeit goods. Indeed, the Global Brands Council has been working with DHS and other government agencies to get counterfeit goods out of the marketplace.

Other actions must be taken to assist consumers and spur economic recovery and job creation. America needs a national data privacy bill. Our counterparts have a unitary regulatory system, whereas we have a patchwork of State and Federal regulations. We need one system of regulation to provide uniformity for consumers and businesses throughout the United States. We also need to address the cost of implementation. The California CCPA regulations will cost small businesses \$50,000 each with implementation. We need to ensure that consumers have the privacy protections that they need and that we can make sure that the U.S. is competitive in a global economy.

Americans need connectivity to provide for families and to be productive.



Broadband deployment, including 5G, and the resolution of remote learning issues are important steps forward. The Chamber, in the last 10 days, has issued principles on broadband deployment and closing the homework gap. We must also develop strategies to ensure U.S. global tech leadership, such as rational policies for AI, automated vehicles, and UAS. These will all be important drivers of economic growth.

While promoting technology leadership, industry and Congress must work together to prevent scams amongst our most vulnerable, ensuring consumers are getting the products they were purchasing, and establishing safe work environments. Businesses also need temporary, targeted, and timely liability provisions in order to reopen and operate during the COVID emergency.

Let me be clear: Bad actors must be held accountable and prosecuted to the full extent of the law, but Congress must set a floor to help create a uniform safe harbor in a federalist system. This has been done in other COVID legislation. If businesses are following the law or State guidelines, they shouldn't be sued.

We look forward to working with the subcommittee on these issues, and I am happy to take any questions you may have.

[The prepared statement of Mr. Quaadman follows:]

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Ms. Schakowsky. Thank you.

And now, Mr. Anderson, you are recognized for 5 minutes.

#### **STATEMENT OF KEVIN ANDERSON**

Mr. Anderson. Thank you. Good afternoon. It is good to be here today.

I would like to thank the chair and the ranking member and the members of the subcommittee for the opportunity to appear today and for the attention the subcommittee is paying to this important issue.

I would like to thank Representative Hudson for the nice words earlier. Good to see someone else from North Carolina, Representative Hudson, and hope you are doing well.

Again, I am Kevin Anderson. I have been doing consumer-protection work in our office in the North Carolina Department of Justice for over 21 years. I have worked under three different attorneys general, including the current attorney general, Josh Stein, who is also the co-chair of the National Association of Attorneys General's Consumer Protection Committee. And thank you again for the opportunity to provide our perspective today, or my perspective today.

COVID-19 scams are very damaging to the public and are causing enormous harm during these difficult and challenging times. Consumer-protection authorities know from experience that, when a crisis hits, scammers emerge to deceive the public, and this crisis has been no different. Of course, this crisis has been of unusual and unprecedented impact and duration, so the scams have been even more damaging here.

State attorneys general and consumer-protection divisions are on the ground and

on the front lines protecting consumers. And there has been a tremendous amount of work going on all across the country in efforts to educate consumers about scams and stop scams and protect consumers from scams.

Each State is hearing different types of things from its consumers. Some scams are nationwide in scope; others are more localized. And I have provided a long list of examples in my testimony about the types of things States are hearing about from consumers. I won't repeat all of them in detail here in my summary, but some of the ones that may be particularly noteworthy are the stimulus check scams, the scams involving COVID-19 testing and miracle cures, and some recent scams that have emerged regarding contact tracing.

And then, of course, States, as others have mentioned, are seeing price gouging and price gouging in connection with items that we don't normally see in another type of state-of-emergency situation, such as a hurricane. So some of the price-gouging matters we are seeing are new to us here.

And there are different matters being investigated by States all over the country. I have included some examples in my testimony of some of the things that we have done in North Carolina. We have a price-gouging case that is pending that we have brought against a towing company that was charging thousands and thousands of dollars, booting trucks that were delivering needed supplies and goods in an early stage of the crisis to stores, and charging amounts that were way out of line with market rates for those tows. So we sued that company in a price-gouging case.

There are a number of matters involving scams that we have managed to stop and nip in the bud by acting quickly and sending some letters out.

And one thing I want to note here is the, to use a technical term, whack-a-mole nature of some of these scams, where the true scammers don't want to be found, and

they try to hide themselves. They make it difficult to be located. And then, once the scam has been enacted and they have struck, they like to disappear quickly so that they can't be tracked down. And that is just the reality of some of these outright criminal-type scams that are going on.

One of the things I think that points out is the importance of educating consumers here or trying to make consumers informed, make them less likely to fall for the scams. If you can prevent the scams from the outset and prevent the consumers from sending their money away, especially via a form of payment, such as a wire transfer or a bank transfer or a gift-card exchange, where the money becomes very difficult to track back once it has been sent out, it is really best to prevent scams before they occur.

And one of the important things I think the subcommittee is doing today is, by having hearings like this today, it is a good way of shedding light on the scams and bringing them into public eye. So I think that is very valuable.

States play an important role in fighting these matters. It is a matter that really requires attention on all sorts of fronts, State and Federal. I appreciate the opportunity to provide the perspective of the States here, because the States do play a very important role in consumer protection. And, again, we are right on the ground; we hear directly from our consumers almost every day. It is a never-ending battle, fighting all of these scams.

I am happy to answer any questions you have, happy to be of help in any way that I can to the subcommittee. And thank you again for the opportunity to be here today.

[The prepared statement of Mr. Anderson follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

Ms. Schakowsky. Well, thank you very much.

So we have now concluded witnesses' opening statements. At this time, we will move to member questions. Each member will have 5 minutes to ask a question of the witnesses. And I want to remind you, please, to unmute when it is your turn.

And I am going to begin with my questions.

So the Federal Trade Commission has received a record number of online shopping complaints in April and May. Some of them are really important things for face masks and hand sanitizers and toilet paper and found that they never received those products. A surge of bogus treatments and substandard masks, et cetera, have been delivered.

So, Mr. Anderson, as you said, you have been doing this for more than two decades. How has e-commerce, including the new pandemic-induced reliance on online shopping made it easier than ever for scammers to get involved?

Mr. Anderson. Well, this is one of these things, I think, where technology and when items are sold online, in some ways it does make it easier for the scammers. If they are operating remotely, if they are selling from overseas, if they are making it difficult, you know, for consumers to really even figure out who is actually making the sale, that can pose some obstacles and challenges, no question. In some ways, it does increase the opportunity for some of these scams.

We often try to encourage consumers, when they are buying online, to do as much research as they can regarding the companies that they are buying from to see if there is any track record of problems there or if it is a reputable seller.

But there is no question that, when sales are occurring online and, in particular, if it is difficult to determine and track down who is actually making the sales and if they are

coming from overseas and from a seller that is new and maybe not reputable, it can increase some of the opportunities for fraud. It is one of those things where technology has many benefits for consumers and all of us, but there can be dangers as well.

And I would say, generally, scammers are always looking to hide. I mean, back many years ago, scammers would pop up door-to-door and try to sell things to people and just disappear. And the more modern version of that is using technology and disappearing via the internet.

So it is a good question, and I think that is what I would say.

Ms. Schakowsky. Thank you.

You know, it seems like a major obstacle to bringing successful actions is simply locating the scammer. And you refer to that. I am working on legislation that would require online marketplaces to verify and to disclose to consumers the seller's name, business address, email address, and phone number.

So let me ask Ms. Greenberg, how would such legislation deter bad actors?

Ms. Greenberg. Well, first of all, we support your legislative efforts in this whole area, because a fundamental pillar of consumer protection is to know who you are buying from and, if you have a problem with a product, to be able to get in touch with the seller of that product.

So what you just described, to verify the name of the business, where the business is located, how you reach out to them if you have a problem -- either you didn't get the product or the product was defective when it came -- those are absolutely fundamental protections, and we support them for consumers.

Consumers are very trusting, you know. If they buy something online at a platform like Amazon, they will believe that that product came from a legitimate source, that they will get the product that they are paying for. But they need to have

information so they can take action when the product they buy online turns out to be counterfeit or defective.

So, yes, we support that, and we think it is a basic consumer protection.

Ms. Schakowsky. Let me just conclude with this. I am very concerned about the nomination of Dr. Beck to head up the Consumer Product Safety Commission. And it seems to me this is a critical time when we need somebody with the right credentials.

And I wanted to ask you, Ms. Greenberg, what you think, given her record at the EPA and her role at the CDC, if she is the appropriate person.

Ms. Greenberg. Right. Well, we have joined 120 other groups, consumer organizations and other advocacy organizations, that believe that the CPSC needs a leader who has a track record of pursuing stronger consumer-protection regulations. And, unfortunately, Dr. Beck has spent much of her career seeking to weaken such regulations, particularly as they pertain to dangerous chemicals. We think that the CPSC needs a leader who will strengthen consumer protections, not roll them back.

And, as you know, your colleagues on the Senate side, including Senator Capito and Senator Collins, have come out opposing Dr. Beck's nomination as the wrong person to run a consumer-protection agency.

Ms. Schakowsky. I thank you for that.

And now I recognize the ranking member for her 5 minutes of questions.

Mrs. Rodgers. All right. Thank you, Madam Chair.

Before I begin my questions, I would like to ask unanimous consent to offer an article for the record highlighting the current use of AI to combat schemes.

Ms. Schakowsky. Yes. All documents will be put in the record at the end of this hearing.

Mrs. Rodgers. Thank you.

Trial lawyers and special interest groups have stopped a number of commonsense policies before this committee. In the past year alone, we have seen the trial bar obstruct bills that would have protected people from asbestos, prevented frivolous medical malpractice lawsuits, ensured the U.S. lead in autonomous vehicles, and give Americans strong privacy protections across the country. I believe that we cannot afford to allow them to stand in the way of America reopening and getting workers back to work.

Mr. Quaadman, how important is it for Congress to address liability uncertainty during this unprecedented time? And how will that help America get back to full strength?

Mr. Quaadman. Thank you for that question, Ranking Member.

It is very critical, in order for the U.S. to reopen, that we have liability relief. It needs to be temporary, targeted, and timely. If companies are following State laws and guidelines in reopening, they shouldn't be sued.

And this isn't only the business community that is being impacted. It is educational facilities. It is not-for-profits. There are actually State agencies that are having similar problems.

I would also say, too, Congress has also recognized this issue as well with COVID-19 legislation that has already passed. There has been liability relief for medical volunteers as well as those who are manufacturing ventilators.

So this is a very critical step in order for businesses and America to reopen.

Mrs. Rodgers. Thank you.

We are living in unprecedented times that have forced millions of Americans, at no fault of their own, to stay home and rely on the internet to seek medical advice, connect with loved ones, and educate their children. As more people turn to online



services, we need that national privacy framework, and that need only increases.

Mr. Quaadman, I would like to ask if you agree that it is critical that we pass a Federal privacy law that sets one national standard to ensure consumer protections are the same across the country.

Mr. Quaadman. We believe that is a very important step that we need to take, as well as an important consumer-protection step.

We currently have a State-based and federalist system, and we have five different forms of privacy regimes that are currently being developed within the States. Obviously, the CCPA out in California is the best known. But if you take a look at our international counterpart, they have only one system of regulation.

So we are currently going down a path where neither consumers nor businesses actually have the certainty that they need to operate digitally. So we believe it is very important for such legislation to pass.

And I would also say, too, there is a cost involved as well. When you take a look at the CCPA regulations, those will cost small businesses \$50,000 to implement. So that is a very tremendous cost, and we need to have one system to deal with this.

Mrs. Rodgers. Thank you.

During this crisis, I think we have all heard so many different stories of American ingenuity and American creativity solving problems, and I think American innovation is so important as we move forward. We must ensure that we do not fall behind other countries as we emerge from this unprecedented crisis.

We know China is moving full speed ahead. To beat China, we must prioritize our industries and ensure that the U.S. remains the global innovation leader around emerging technology.

We recently unveiled an emerging technology package that includes important

priorities brought forward by members of this subcommittee to advance U.S. leadership on critical technologies.

Mr. Quaadman, can you please speak to how vital it is for America to emerge from this pandemic in a strong global position on critical technologies?

Mr. Quaadman. To be clear, the nation that is going to lead in technology is going to lead the global economy. So, first off, I would like to thank you and your colleagues for their work in coming up with an emerging technology agenda. We think that is very important.

And America is still the leader in innovation. We see that with artificial intelligence, we see that with automated vehicles, with UAS. However, we are seeing where the European Union is the leader in developing regulations around artificial intelligence; we see the U.K. is the leader in terms of developing regulations around financial technology. And that is where the technology is going to migrate to.

So we are actually in danger of developing technologies that others might take over, and that is going to impact our economy and the ability of the United States to lead the global economy in the future.

Mrs. Rodgers. Thank you.

I yield back.

Ms. Schakowsky. I was trying to get back to the ranking member.

You had 30 seconds extra, because there was some problem with the clock.

Would you like to take that time?

Mrs. Rodgers. Oh. Well, I appreciate that. I will just let it go right now. Thank you very much, though.

Ms. Schakowsky. Okay.

The gentlelady yields back.

And now let me recognize Chairman Pallone of the full committee for 5 minutes to ask his questions.

The Chairman. Thank you, Madam Chairwoman Schakowsky.

I wanted to follow up on what you said, that, you know, in New Jersey, we are still seeing -- and, even in my office, I still hear a lot of people calling, complaining about price gouging.

And, you know, this is, of course, many months after the pandemic began, but it still seems to be that there are more cases of businesses illegally hiking prices on things like cleaning supplies and personal protective equipment and now, you know, a lot of targeting of work-at-home supplies and summer products -- we are here at the Jersey shore -- like inflatable pools, because, you know, a lot of Americans are looking for products that can allow them to stay home and not have to go out.

So I just wanted to ask Mr. Anderson again, I know you talked about price gouging increasing, and you mentioned online, but just to drill down a little bit about what kind of increases you have seen in price gouging online and what challenges you see in pursuing bad actors who sell online. I just want to focus online, if you would.

Mr. Anderson. Sure. And many of the items that we are seeing being sold online where consumers have reported price gouging involve personal-protective-type equipment, hand sanitizer, masks. Things of those items are being sold online, and we have heard some reports about those.

And, again, you know, the challenges sometimes are -- and it just really depend on who the seller is. It might depend on what platform they are using, whether they are using a more obscure type of online platform as opposed to one that consumers are familiar with. But there can be a lot of challenges just locating the seller, sometimes, when they are selling online.

But those are the types of items that are being sold online and some of the reports that we are hearing about. And we have some investigations currently pending regarding some of those items, types of items, that have been sold online.

The Chairman. Well, Chairwoman Schakowsky and I, she mentioned that we introduced this COVID-19 Price Gouging Prevention Act. I just would like you to comment on that. You know, is that the type of legislation on price gouging that would make it easier for State attorney generals to go after bad actors and protect consumers, again, particularly online?

Mr. Anderson. Sure. And let me give a very quick caveat before I answer that question, which I should have given earlier, is that, even though I am here in my role as consumer protection director of the North Carolina Department of Justice, some of the views here I might express today are my own. But I say that in an effort to be able to provide some helpful answers to your questions.

So I have looked at that bill. I will make a couple of just general observations here without taking an official position on it or anything.

One, I think States are typically looking and at least I am typically looking at a bill like that in terms of, does it preempt States from acting? And that bill does not. So I would say generally that is a positive thing, in that it doesn't preempt States.

Another observation is that it gives States the ability to enforce the law, which, again, I think, from a State perspective, or my perspective, is a positive thing, because it gives us another tool in our toolbox to use. And I think having the ability to enforce a Federal law like that, even if a State has its own price-gouging law, there is potential benefit in that it might fill some gaps that the State law doesn't cover.

And, certainly, for a State that doesn't have a price-gouging law at all -- and you might want to talk directly to some of those States to get their input on it. But, just

intuitively, if a State doesn't have a price-gouging law at all and there is a new Federal law enacted that they can enforce, that would certainly seem to provide that State with a new tool that they don't currently have, and I would think that would be a benefit to a State like that.

So those are just some general observations.

RPTR PANGBURN

EDTR ZAMORA

[12:57 p.m.]

The Chairman. Well, thank you, Chairwoman. Thank you, Jan. I yield back.

Ms. Schakowsky. The gentleman yields back.

And I now recognize Mr. Latta for his questions for 5 minutes.

Mr. Latta. Thank you, Madam Chair, for having today's hearing. Very important. And I want to also thank our witnesses for being with us today. Really appreciate your time and -- because, again, it is an issue that we are all concerned with. But, again, thank you, again, for holding today's important hearing in protecting consumers from the risks that have been amplified by the COVID-19 pandemic. I would also like to thank our witnesses for reparticipate.

For the past 5 months, our Nation has been devastated by the outbreak of COVID-19. Because of our evolving understanding of the virus, Americans have been inundated with conflicting information on how best to protect themselves and their families, both physically and financially. Unfortunately, the uncertainty generated by this crisis is providing new opportunities for bad actors to try to take advantage of our concerned citizens. That is why we need to redouble our efforts to combat these scammers.

The pandemic has also inspired businesses and individuals to innovate in order to meet the new challenges we are experiencing. For example, during a visit to the campus of Bowling Green State University in May, I saw how unmanned delivery services, robots, are already being used to deliver food and beverages in our community.

This kind of remarkable innovation is why I introduce H.R. 6943, the Advancing Unmanned Delivery Services Act, which will work to evaluate the many benefits

contactless delivery has for various segments and sectors of our country.

And, again, Madam Chair, before I begin my questions, I also have an article I would like to introduce for the record from gearbrain.com that highlights how autonomous robots will be used to deliver food on campus in the fall, including on the campus of Bowling Green State University.

Mr. Quaadman, if I can start my questions with you. In your written testimony, you state that companies are working to provide solutions to consumers that are targeted by scams. Would you state a few of these solutions and how is the business community working to keep up with the scammers?

Mr. Quaadman. Thank you for that question, Mr. Latta. First off, companies are using different tools such as artificial intelligence and machine learning to try and stay a step ahead of scammers. Unfortunately, we have seen fraudulent -- online fraudulent activity increase by about 10 percent since COVID-19 has taken place.

There have also been -- the business community has been trying to work with other agencies to try and deal with these issues as well. And we hope, as I said, in trying to develop that counterfeit guide that I talked about, that we can also inform consumers. Because an informed consumer is a protected consumer. So we think some of the legislation that has also been discussed here, but also I know has been introduced by Mr. Carter and Ms. Rochester, are going to help provide consumers with more information as well, which we think is helpful also.

Mr. Latta. Okay. Thank you. You know, on the innovation front, you stated that delivery industry is evolving to meet consumer needs. And how have businesses that rely on delivery services been impacted by COVID-19? And do current regulations or lack thereof impede the expansion of unmanned autonomous technologies?

Mr. Quaadman. So first off, Mr. Latta, I would like to thank you for your

leadership with unmanned delivery services as well as with automated vehicles. Just give you a couple of stories, one is we have seen an automated vehicle startup called Beep in Jacksonville, Florida, where they have been working with the Jacksonville Transportation Authority to deliver medical goods to the Mayo Clinic there.

And we are seeing how UPS and CVS are using drones to actually deliver prescription drugs to consumers. So that is, I think, a glimpse into the future. We do think it is very important, one, for Congress to pass legislation and to help put pressure to ensure that we are going to have regulations around automated vehicles.

We think it is very important for the National Highway Traffic Safety Administration to accelerate its efforts here. We also think with drones it is very important for the FAA to finish up its rulemakings as well, because this will, again, allow for the guardrails for how these important transportation facilities are going to be able to operate and are going to make actually the lives of consumers much easier.

Mr. Latta. Well, I appreciate that because, again, when you are thinking about, especially with autonomous vehicles, you know, it came out of our committee unanimously, passed the House by a voice vote in the last Congress, but just what we can be doing with autonomous vehicles right now. So many people that don't want to be out right now or have somebody else pick them up that, you know, they would have the ability to be in a vehicle that they feel a lot more safe.

Madam Chair, I see my time has expired, and I thank you very much for today's hearing. I yield back.

Ms. Schakowsky. Thank you.

And next, I recognize Congresswoman Castor for 5 minutes.

Ms. Castor. Well, thank you very much, Chair Schakowsky. And thanks to our witnesses for being here today.



I have to tell you, I just got some very disturbing news here in Florida related to COVID that was just announced, that Florida just set an unfortunate record. We have had 120 deaths in just a 24-hour period. That far exceeds any number we had seen before. The positivity rate for testing is well over 18 percent.

And I will tell you, I was checking around with hospital leaders here in the Tampa Bay area yesterday, and I am completely dismayed to hear there are still significant shortages in testing materials, the reagents, the personal protective equipment, staffing. We have an extreme shortage of Remdesivir.

Of a little bit of good news, the Coronavirus Task Force last night, CDC and Dr. Birx, said that they are going to send an emergency supply here to Florida on Friday. But I am completely frustrated with the Trump administration, after we have provided bipartisan direction and funds to get a handle on supplies and PPE and to boost the supply chains. It is just not there.

And I want to ask our witnesses, what is your sense about the absence of the national testing strategy and a strategy on supply chains for critical equipment? Has that helped fuel these scam artists? My hospitals tell me they can't count on the Feds right now. Can you believe that? And that they have to go and still work other lines.

But maybe I will start with Mr. Anderson. What is your sense of the lack of leadership there and the lack of a national strategy and what that has done to fuel scam artists and price gouging?

Mr. Anderson. Well, I will just say, generally, that scam artists are usually looking to fill some sort of need that consumers have or desperately want. And so in this time, you know, obviously consumers would really love to have a cure for COVID-19. So scam artists are going to move in and try to fill that desire and need by promoting scam cures. And I think it is the same with testing, that if there aren't tests out there or if consumers

are confused about tests. I mean, scammers will try to make whatever they can out of any confusing situation, any situation where consumers, you know, feel like their needs aren't being met.

So I would just kind of make that general comment, and we should never underestimate how clever and sophisticated some of these scams are. The scam artists are looking for every opportunity to get in and rip people off. And so that is part of what is happening here. So that is just what I would say generally.

Ms. Castor. Mr. Quaadman, what do you say?

Mr. Quaadman. Thank you for that question. I am sorry to hear of the pain that is going on in Florida.

First off, we have worked with various different agencies, as I have talked about, to ensure that those bad actors are going to be prosecuted. We have also been working with Congress and with others to ensure that medical supplies are -- and that companies that are delivering them and developing them are going to be able to get them out there as quickly as possible.

And lastly, some of the activities I was talking about before in terms of supercomputing and things that are going on, those things are actually shaving off months, if not years, in terms of research in trying to develop --

Ms. Castor. But where is the national strategy on this? It is entirely frustrating. This has been bipartisan direction from the Congress to this administration to get a handle on this, and yet -- and yet they still, our hospitals and health systems are still scraping for supplies.

Ms. Greenberg, can you shed any light on this for us?

Ms. Greenberg. Sure, yes. I think there has been a void in national leadership, national direction. And as a result, States are forced to compete with one another and

have raised this issue over and over again.

We have to do much better. We have failed, I think, on a national level dramatically to get a handle on this pandemic and create a national strategy which has States working together which delivers products which are high quality.

And we know that some States bought lots of equipment that turned out to be defective, and spent millions of dollars. This could never happen again. We need a much stronger national program, bipartisan.

And we, you know, are so sad to hear about events in Florida, and we are committed to doing much better when it comes to testing, personal PPE equipment to provide to your hospitals. We despair as well.

Ms. Castor. Thank you very much.

Ms. Schakowsky. The gentlewoman yields back.

And now I recognize Congressman Guthrie for his 5 minutes of questions.

Mr. Guthrie. Thanks, Madam Chair. And before I begin my questions, I would like to offer an article for the record highlighting how blockchain can be used in our fight against the coronavirus. I think it has been distributed prior, so I would like to offer that for the record.

Ms. Schakowsky. That will be added to the record at the end of the hearing.

Mr. Guthrie. Thank you. Thank you.

I believe that emerging technology has the potential to be a useful tool in putting a stop to the bad actors that take advantage of COVID-19 pandemic. That is why I recently introduced two bills, the Advancing Blockchain Act, working with my good friend Doris Matsui, and the Countering Online Harms Act.

The Advancing Blockchain Act would direct the Department of Commerce and FTC to study potential applications of blockchain technology. The Countering Online Harms

Act would direct the Federal Trade Commission to study how artificial intelligence may be used to identify and remove deceptive and fraudulent content that is intended to scam or do harm.

So I would like to get to questions now. For Mr. Quadman, you talk about emerging technologies being used to help combat the COVID-19 crisis on multiple fronts, including in therapy development and tracking the spread of the virus. My question is, how important would you say AI, blockchain, and other emerging technologies have been in our fight against COVID-19, and do you see any obstacles in further deploying these technologies?

Mr. Quadman. These emerging technologies have been critical in the fight against COVID. So as I mentioned, you are seeing how IBM, Google, Microsoft, and others are using open databases that, let's say, relics opened up where they are actually able to look now using artificial intelligence through tens of thousands of articles and research studies to start to pinpoint possible treatments and vaccines.

So as an example, BenevolentAI, which is an AI firm in the U.K., used AI, and they were able to discover that a rheumatoid arthritis drug from Eli Lilly is a potential candidate. That is now going through clinical treatments.

So we think it is important -- and this is just from, you know, taking it from a larger point of view. We do think it is very important for NIST to come up with standards for AI. We also think it is critical for OMB to finish up its guidance regarding AI, because that will allow AI to be deployed more fully, but it will also set the United States up to have the certainty needed to be the continued leader in this space.

Mr. Guthrie. Okay. Thank you.

And I would like to go to Mr. Anderson for a question. During this public health crisis, the Federal Trade Commission has continued its work protecting consumers,

providing guidance to businesses, and protecting competition in the marketplace throughout the pandemic, in addition to the work that States are doing to protect consumers from scams.

Mr. Anderson, in addition to protecting Americans' privacy, are there any recommendations you believe that we need to consider as we prepare for a possible second wave of COVID-19?

Mr. Anderson. Well, I do think we need to give serious thought to bringing all tools that we can bear to protect consumers here. I mean, I was interested in some of your comments you made earlier about using technology in whatever way possible to protect consumers, and there may be a place for looking at algorithms that detect patterns of fraud. So I think those types of things, using technology as a means of protection, are worth exploring.

Just to give an example in the robocall area, which I know is an area that you all probably hear about all the time. It is a huge source of complaints for us. The world changed there a while back where all the calls started coming from overseas. Scammers were using technology to spoof the calls. And part of the solution going forward, I think, has to be a technological solution, at least in part, which is why our office was not satisfied with some of the progress being made on that front.

We spearheaded an effort with other States to work with telecom companies to come up with better tools to block and identify robocalls, give consumers some tools. So I think this idea of looking at technology is a good one. I think looking at ways in which information and education best reaches the public and is most easily understood by the public to help them prevent some scams -- I am just sort of brainstorming here in response to your question -- is a good thing to look at. So I think looking at all sorts of possibilities and taking a very broad-minded approach to it is a good way to go.

Mr. Guthrie. Okay. Okay. Thank you very much. I only have 15 seconds left, so it is hard to ask another question. So I will yield back, and thank you for your answers today. I appreciate it. And thank you for being here.

Ms. Schakowsky. And now -- the gentleman yields back.

And now, Representative and my friend from Illinois, Congresswoman Robin Kelly.

Ms. Kelly. Thank you, Madam Chair, and thank you for putting this hearing together.

Until a vaccine or effective treatment is available for COVID-19, successful management of the pandemic will rely on tried and true public health measures like contact tracing to keep our communities safe. Effective contact tracing will allow health officials to not only document the spread of the virus, but also alert those who may have been exposed to the virus.

Unfortunately, scammers pretending to be contact tracers from public health departments have been targeting seniors and those less tech savvy, duping them into turning over sensitive, personal, and financial information or tricking them into downloading a malicious software.

Mr. Anderson, what effect do these scams have on the public health efforts to do legitimate contact tracing to combat COVID-19, and how can consumers tell if the tech call or email is even legitimate? And who can the consumers call if they feel like they have been duped? Who should they contact?

Mr. Anderson. So I think that is a great and timely question, because we are just starting to see a number of different contact tracing type scams emerge. And one example, which I think you alluded to, is a situation where a consumer will receive a call from a -- it is a scammer, but they are saying that the consumer has come in contact with someone who had COVID-19, and to begin the start of the contact tracing process the

consumer needs to immediately provide some sort of payment to the caller, and that is just a scam. And a big red flag there is that -- my understanding, is that no one from a legitimate health department or anyone operating a legitimate contact tracing operation will ask for payment like that and directly call the consumer and ask for a payment.

And that is a standard type of scam that we see in many different forms where a sense of urgency is created in response to something of the moment and there is a demand for an immediate payment, and especially if they are asking for a payment via a wire transfer or a gift card, all those things are big red flags. So, you know, we have been trying to warn consumers about those types of scams.

Another scam we have seen is a job-related contact tracing scam where there are jobs out there for people to be employed and help with the contact tracing process, but we have, unfortunately, seen some phony job postings that we have checked with our public health authorities that aren't legitimate and we are trying to stop those, put an end to those, and we warn the public about those as well. So that is a very timely topic and worth warning people about.

Ms. Kelly. And what more do you think the FTC could be doing to assist in your efforts in North Carolina in helping consumers? And if you could be brief, because I wanted to ask Ms. Greenberg if she had anything else to add. So, Mr. Anderson.

Mr. Anderson. Sure. And we share information, work with the FTC. We welcome sharing information with them, welcome them as a partner. I always think, just in my personal view, we could bring more joint enforcement actions together with the Federal Trade Commission in addition to just sharing information.

So I know you wanted me to be brief, so I will stop there, but I am happy to talk further with you offline about that if you want.

Ms. Kelly. Sounds good.

Ms. Greenberg, do you have anything else to add that the Federal Government can be doing to help stop these scams and help consumers?

Ms. Greenberg. Yeah. Well, we need to ramp up this whole area of contact tracing. And consumers are already having -- or health officials are already having trouble reaching consumers about contact tracing. This is an unprecedented situation. You don't usually have people calling you and say we need to get your information, we need to track this down. And, of course, the scammers go in, they fill these voids always in time of national crisis. They are going to come in in tornadoes and floods and this pandemic has just unleashed a torrent of scams.

So what Mr. Anderson said about money upfront, that is a red flag always. There are also just phishing scams where they are just trying to get your information. And so what I would say is, get the caller's phone number, address, who they are attached to, what their email address is. We always advise consumers, trust but verify, and this is an unprecedented situation with contact tracing. But there are ways to verify this information.

So especially for seniors, if they are home alone, they need to have another adult who is taking care of them, a family member to verify all this information so they are not giving their Social Security away, their bank account information away. That is really the threat that we are seeing out there.

Ms. Kelly. Thank you so much. Time is up.

I yield back.

Ms. Schakowsky. I just want to remind people, if anybody is there that is not actually on the screen, you will not be called on to speak, and, of course, to unmute yourselves.

Next is Representative Gianforte.



Mr. Gianforte. Thank you, Chair Schakowsky and Republican leader McMorris Rogers, for the opportunity to speak on the important issues preventing COVID scams.

COVID-19 has put our communities into uncertain times. At the height of the pandemic, 100,000 Montanans were out of work. Unfortunately, where normal human beings see hardship and react with compassion, scammers seek to further destroy the livelihoods of hardworking Montanans. One of the scammers' favorite tools is still the robocall. Now it is easier than ever for scammers to impersonate medical professionals or government representatives from Medicare or Medicaid to push misleading information or to swindle vulnerable Montanans out of their savings. While the committee has worked hard to address the scourge of robocalls, there is still work to be done.

In April, I sent a letter to FCC Chairman, Ajit Pai, and Attorney General Barr, expressing the need to begin implementation of the TRACED Act and aggressively pursue illegal robocallers. Not 2 days later, the FCC took new enforcement measures against telecom companies that facilitate robocalls from overseas.

It is important that this committee continue to work in a bipartisan manner to provide law enforcement the tools they need to crack down on scammers and protect hardworking Montanans.

In this pandemic, however, it is also important that we provide businesses with the tools they need to get our economy going and get Montanans back to work. There is an opportunity to foster growth in emerging technologies to strengthen our economy. I introduced the Advancing Gig Economy Act to conduct a study on the impact of the gig economy on U.S. businesses conducting interstate commerce. The study will provide States with greater clarity around the gig economy and better inform future legislation to grow the gig economy.

It is important that America remains a global leader in fostering and growing emerging technology. As a tech, entrepreneur, and executive, I know how important American leadership is in emerging tech. It is critical for the Federal Government to promote innovation and growth by securing supply chains, safeguarding consumers, and using a light-touch regulatory environment.

Now, Mr. Quaadman, in your testimony, you identified how delivery services in the gig economy has stepped up to provide important assistance to local restaurants, health workers, and food banks. Moving forward, what role do you see the gig economy playing as our Nation recovers from the economic shock of COVID-19?

Mr. Quaadman. Thank you very much for that question, Congressman. And you are right, I mean, the gig economy has been an important lifeline not only for consumers, but for some very hard-hit industries such as the restaurant industry, as we have discussed.

We recently had an event at the Chamber where the CEO of Emphasis actually was talking about this issue. And as he was discussing it, he said that 5 percent of the current workforce could be characterized as being gig workers. This is probably going to go up to somewhere to 20 to 25 percent over the next, you know, 10 years or so. That means we are -- those workers are going to have to go through career long learning because they are going to be doing many different jobs, sometimes simultaneously, and it is going to create some challenges.

Now, there is some advantages that gig workers will have too, right, in terms of being able to control their schedules and all, but, you know, we are seeing a work business relationship that is going to be different than what it has been in the past, and it is going to create some policies that are going to have to be addressed such as with their education.

Mr. Gianforte. Okay. Thank you, Mr. Quaadman. Just to get that correct, you said the percentage of gig workers will go from 5 percent to 25 percent, of what universe is that?

Mr. Quaadman. Of the workforce.

Mr. Gianforte. Of the entire workforce?

Mr. Quaadman. Yes.

Mr. Gianforte. So you are predicting a 5X increase in the number of workers that are actually in the gig economy?

Mr. Quaadman. Yeah.

Mr. Gianforte. Okay. Thank you very much for those insights.

And, Madam Chair, before I yield back, I would like to offer this article from the U.S. Chamber of Commerce on how gig economy companies are helping Americans during this pandemic for the record.

Ms. Schakowsky. It will be entered into the record at the end of the hearing.

Mr. Gianforte. Okay. I would like to thank you, Madam Chair, and the Republican leader for this important hearing. And I yield back the remainder of my time.

Ms. Schakowsky. The gentleman yields back.

And now, I recognize Representative Ben Ray Lujan for 5 minutes.

Mr. Lujan. Thank you, Madam Chair and ranking members, for organizing this important hearing on how we can protect our constituents from COVID-19 scams.

This is a difficult moment for our country. We have lost more than 130,000 Americans due to COVID-19. We are now at 3 million cases. The national unemployment rate is at 11.1 percent.

Ms. Greenberg, I was struck by some of the numbers you shared in your

testimony. Since the start of 2020, the Federal Trade Commission reports it has received more than 120,000 consumer complaints related to COVID-19, and we know that these numbers dramatically understate the problem, as most people across the country don't know how to report or if to report to the FTC.

Google is tracking 18 million COVID-19 malware and phishing emails every day, and an estimated 30 billion of stimulus funds may end up in criminal hands because of fraud. These numbers represent real suffering and loss. That is why I plan to introduce the Stopping COVID Scams Act of 2020, which would allow the FTC to levy civil penalties on COVID-19 scammers.

Ms. Greenberg, do you believe that consumers would benefit if Congress gave the FTC, the Federal Trade Commission, stronger enforcement tools to hold COVID-19 scammers accountable?

Ms. Greenberg. Yes, Congressman. We do believe that the FTC needs stronger civil enforcement power. We would support legislation. The stopping COVID scams bill that you are talking about, I think, would be a very effective tool. As Mr. Anderson has said, we need to expand the tools that law enforcement has during this terrible crisis.

So a stronger FTC with civil penalty authority would provide stronger consumer protections, even if we weren't currently facing this tsunami of COVID-19 scams. And at the very least, we think the FTC should have the tools it needs to go after scammers who are taking advantage of the moment to defraud millions of consumers.

So we would be proud to support your bill once it gets introduced, Congressman Lujan. And we thank you for your leadership in helping to protect consumers.

Mr. Lujan. And, Mr. Anderson, the legislation would also allow attorney generals to impose civil penalties on scammers. As you mentioned in your testimony, State attorneys general often work with the Federal Trade Commission. Can you briefly

describe how State attorney general partner with the FTC to protect consumers?

Mr. Anderson. Sure. It happens in several different ways. One is the sharing of information I alluded to earlier where we have calls or other mechanisms for sharing information with each other. Many States, such as North Carolina, are plugged in to the FTC's consumer sentinel database and we are able to see the complaints that the FTC receives in North Carolina and elsewhere. And we also put our own North Carolina State complaints in that database. I believe we were the first State to do that, because we believe mutual sharing of information like that is valuable, both for our office and for Federal authorities like the FTC.

So their information sharing mechanisms like that, which I think are very helpful. And we have brought some joint enforcement cases with the FTC, which I think are -- and U.S. DOJ and other Federal authorities, and I think it is useful for Federal authorities to partner with the States, as I alluded to earlier.

I would like to see more of that in some ways. I think that a lot of times there are people high up in Federal agencies that want to see the agency partner with States, but it doesn't always work its way down to the staff attorneys at some of those agencies building the cases. So I would really like to see us bring some more joint enforcement efforts together. And we have done that and been successful, and I think they are good things for us to do. I think we just need to do more of it.

Mr. Lujan. I appreciate that very much.

Since the beginning of this crisis, e-commerce spending has significantly increased. Earlier this week, I was proud to have FTC Commissioner Chopra join me with my weekly Congress from My Casa Facebook live townhall to discuss how New Mexicans can protect themselves during this crisis.

He shared with me that he had significant concerns that online platforms are not

doing enough to stop fake counterfeit goods, including PPE and disinfecting products from being sold on their platforms. In addition, he is worried that these platforms allow goods and products to falsely claim that they are made in the USA.

Ms. Greenberg, yes or no, are honest country of origin disclosures important to consumer shopping online?

Ms. Greenberg. Yeah. We are strong supporters of consumers having information about where the product is made, and there is a lot of fraud around made in American claims. Some of our --

Mr. Lujan. Thank you, Ms. Greenberg.

Ms. Greenberg. Yep. Yep.

Mr. Lujan. And, Mr. Anderson, same question, yes or no?

Mr. Anderson. Briefly, it is a concern, I think, and it is important to look at misrepresentations being made along those lines about where products are made, yes.

Mr. Lujan. I appreciate that.

Madam Chair, we have some other questions we will be submitting for the record, but we thank you, all of our colleagues, for this important hearing. And I yield back.

Ms. Schakowsky. The gentleman yields back.

And now, I recognize Mr. Carter for 5 minutes.

Mr. Carter. Thank you, Madam Chair. And thank all the witnesses for being here. This is a very important subject, particularly for our senior citizens. We all need to work diligently on this.

Mr. Quaadman, I want to thank you for -- also for testifying and for your representation of the Chamber. It is important that we utilize the private sector. I mean, we can -- obviously, we need to pressure and to make sure that the agencies are doing their part, but we need the assistance of the private sector in this as well. And I

wanted to ask you, have any of your member companies, how are they utilizing their technology to protect especially older citizens, older American citizens? Have you got any examples of how they have used technology this way?

Mr. Quaadman. Yeah. Thank you, Mr. Carter. So companies are using machine learning AI algorithms to be able to understand transaction histories and the like and to be able to try and spot fraud early on. You know, and this is true not only for older Americans, but for all customers.

So they are trying to deploy all those tools that were actually fairly successful before COVID in bringing down some of the incidents in terms of identity theft and the like. And also, additionally, as I mentioned, we have, as I mentioned, TransUnion offering free tools, and there are others that doing this as well, to try and give tools to consumers to protect themselves.

And finally, I would just say, we have been working with other agencies, such as, let's say, with the Consumer Financial Protection Bureau, to ensure that firms can stay in close touch with their consumers to be able to spot fraud, and if they do spot something, to address it with the consumer and make sure that they can resolve an issue quickly.

Mr. Carter. Have you had any specific incidents that you can remember that this worked?

Mr. Quaadman. Yeah. So we have actually been working, as I mentioned, pretty closely with the Department of Homeland Security regarding counterfeit goods. Believe it or not, there are such things as counterfeit toilet paper and things like that. So we have actually been fairly successful trying to get those products out of the marketplace for many of the reasons that we have all been talking about today as well. So enforcement is also very important here.

Mr. Carter. Okay. I wanted to tell all the panelists that on the onset of this

pandemic, I introduced bipartisan legislation called Combating Pandemic Scams Act, and this legislation was actually to help all Americans, but particularly older Americans, as I am [inaudible] to help them with the government response. And it really called for all the agencies, multiple agencies, to come together with the FTC as the lead so that we could get the information. We had examples of scams so they could submit those examples and have a website where they could actually go and look at examples of where people had tried to pull off scams like this.

And I wanted to ask you, Mr. Quaadman, have any of your -- you mentioned that some of your companies have been working with some of the agencies. Any of them working with FTC as well?

Mr. Quaadman. Yeah. I believe those discussions are ongoing. And, in fact, we are reviewing your legislation. We are also reviewing Ms. Rochester's legislation, because providing information to consumers is important for them to protect themselves. And I will just say as well, some of the examples that Ms. Greenberg and Mr. Anderson have raised as to what consumers should be looking for are very important. And public education is a very key component for consumer protection here.

Mr. Carter. Good.

Mr. Anderson, I would imagine that in North Carolina, this is a particular problem, and I appreciate all of your work that you are doing in this. And, again, I want to mention my bill, the Combating Pandemic Scams Act, that requires the FTC and the other partners to make publicly available information on how to spot and report scams, along with making sure that it is accessible and user friendly.

I wanted to ask you, would this help you in your position and to help the citizens in North Carolina?

Mr. Anderson. I do think, generally, that looking, taking a very serious look at



what can be done to help seniors is very important. As you point out, they are particular targets of scams. And I think looking at the best way to get information out to that population and try to help them avoid scams is a good thing to really be giving serious thought to. And I think having experts and people at agencies that are involved in consumer protection and sharing information, really looking at the best way to help give seniors the tools to not fall for these scams is, in general, a good thing to be looking at.

Mr. Carter. Good. Well, again, thank all of you. This is very important work. And thank you, Madam Chair. And I yield back.

Ms. Schakowsky. The gentleman yields back.

And now, I recognize the vice chair of the committee, Representative Tony Cardenas.

Mr. Cardenas. Thank you, Madam Chairwoman. Can you hear me?

Ms. Schakowsky. Yep.

Mr. Cardenas. Okay. Thank you so much. Appreciate it to the ranking member of the full committee and the subcommittee and all the support that we have to come together like this before the public and to dialogue about how important it is that their hard-earned dollars are protected and their livelihoods, especially when it comes to seniors and the most vulnerable.

The Federal Trade Commission is the Nation's premier agency for economywide civil endorsement of laws that protect the American people. From July 2018 to today, the FTC has helped return a little more than \$10 billion back to families' pockets. It is critical, therefore, that the FTC have the power to defend consumer interests, including the power to ensure that ripped-off consumers can get their money back.

We gave the FTC the authority in Section 13(b) of the FTC Act, as courts have

recognized for the past three decades, but, unfortunately, lately, that authority has been undercut by some judicial assaults.

Last year, a couple of Federal appeals court decisions limited the FTC's ability to get money back for our consumers, for American consumers, who have been harmed by scams and other frauds.

Ms. Greenberg, do you agree that Congress should do what is necessary to ensure the FTC can continue to return money to victims?

Ms. Greenberg. Yeah. We think it is a very important function of the Federal Trade Commission to get money back for victims who have been defrauded by companies who have stolen their hard-earned dollars. And yes, we do support that.

Mr. Cardenas. Okay. Thank you. Do you have a rough estimate of how much money in dollar amounts has been lost or taken away from consumers since the start of this pandemic?

Ms. Greenberg. I think the estimate is in the \$180 million that has been lost through scams from the pandemic -- from the start of the pandemic.

Mr. Cardenas. Okay. And that is from the start of the pandemic, but at the same time, is that an uptick or is that just a par for the course?

Ms. Greenberg. It is certainly an uptick, according both to State law enforcement and Federal law enforcement agencies.

Mr. Cardenas. Okay. What are your thoughts on the consequences of this authority being fully eliminated?

Ms. Greenberg. Being fully eliminated?

Mr. Cardenas. Yeah.

Ms. Greenberg. That would be devastating, I think, to the effort to protect consumers and to restore funds that were -- ill-gotten gains entitled to get that back and

we need law enforcement agencies to have the power to get that money back to consumers.

Mr. Cardenas. So if this were fully eliminated, that means that crime would very likely pay with these bad actors, correct?

Ms. Greenberg. Most certainly if bad actors know that they will not be held accountable for taking consumers' money, they will double down on those efforts.

Mr. Cardenas. Mr. Anderson, when it comes to your work, do you value -- or are you able to do your work over at the attorney general's office better because you have partners like the FTC or could you do it on your own?

Mr. Anderson. We certainly like having partners like the FTC and other partners. I mean, I think there is so much work to be done in the consumer protection area that we certainly devote all of the time and resources that we have to bear to protect North Carolina consumers, but there is a lot going on out there, and I think the more civil enforcement cops on the beat, if you will, that are protecting consumers, the better. So it really does take, I think, an effort on all fronts to try to bring maximum protection for consumers.

Mr. Cardenas. Thank you. I have taken the opportunity to personally discuss 13(b) with the chair of the FTC, and he is definitely in favor of making sure that we, Congress, enhances that clarity of their authority; that we believe, Congress believes, I think overall, that that authority has been given, unfortunately, had some, in my personal opinion, some rogue judges that have grossly misinterpreted the intent and the 13(b) set by Congress.

So I am going to give the last 30 seconds I have a softball question to the Republican witness, Mr. Quaadman. Mr. Quaadman, do you agree that about 99 percent of American businesses are good actors?

Mr. Quaadman. Yes, sir.

Mr. Cardenas. Okay. Thank you for your brief answer, because I do agree, as a former business owner myself, when you are out there in the field trying to do business, it really breaks your heart to see bad actors out there, and they make everybody look bad and they hurt the public, they hurt industries, and they just hurt everybody.

And one last thing I would like to say is I am very proud of the American businesses and the kind of overall 99.9 percent of following the rules and following the laws and respecting business. But, unfortunately, we do need enforcement for those few bad actors in an economy and the trillions of dollars that really, really hurt too many people, to the tune of millions and millions of families, and devastate them in some cases. So thank you so much.

I apologize for going over my time. Madam Chairwoman, I yield back.

Ms. Schakowsky. The gentleman yields back.

And now I recognize Mr. Burgess for 5 minutes.

Mr. Burgess. Did I unmute?

Ms. Schakowsky. I can hear you now.

Mr. Burgess. All right. Good deal.

Mr. Quaadman -- well, thanks to all of our witnesses for being here today.

Mr. Quaadman, I particularly was enthusiastic about in your testimony where you talked about the collaboration of the private sector with the government and the creation of that national data set and the incorporation of the artificial intelligence to be able to sift through large volumes of information. I will tell you -- I am sorry?

Ms. Schakowsky. I apologize. I was not muted. Sorry.

Mr. Burgess. Are we good?

Mr. Cardenas. It is a little blurry, but we can hear you.

Mr. Burgess. Everything is sharp here. I don't know what is the matter on your end, Tony.

Mr. Cardenas. But we can hear you. We can see you and hear you; it is a little bit blurry.

Mr. Burgess. All right.

Again, Mr. Quaadman, your testimony about how the private sector has stepped up in this and the creation of that open research data set, I think, just can't emphasize how important that is in allowing our researchers, both public and private, to sift through just vast amounts of information, and now to be able to actually incorporate some artificial intelligence and machine learning, to be able to really hone in on some things.

Are you able to share with us any areas where that has produced a significant deliverable?

Mr. Quaadman. Well, I raised one example before, but just to reemphasize it. Through the use of AI and that open data set, BenevolentAI was able to go through thousands and tens of thousands of studies and the like and were able to identify a rheumatoid arthritis drug that Eli Lilly had developed years ago and that that was a possible drug treatment for COVID-19. Similarly, there have been some other -- there have been some other treatments as well that have been targeted in a very similar way and are going through the clinical process as well.

So as I was mentioning, this has actually shaved off months, if not years, in development and treatments of vaccines, and that is something that has never happened before and it is only because of where we are technologically today.

Mr. Burgess. And, you know, I agree. American innovation is what is going to get us out of this crisis, and to the extent that you facilitated innovation with that open data set, that is incredibly important. And I actually have wondered, the amount of data

that is now collected on the vast numbers of patients who have been treated, yeah, it does seem like we should be able to come to some conclusions, recognizing randomized clinical trials take time, but observational studies are useful. And some of those look-back studies, I think, can help us identify therapies or things we shouldn't be doing, things that therapeutically are not useful. And this is just such a significant part of what they are contributing.

I did want to highlight that, and it is different. I was here when we had Ebola, I was here when we had Zika. I was here when we had swine flu. I don't recall the collaboration between the public and private sectors like we are seeing right now, warp speed. We are going to have a hearing on some of the vaccine developers later on in the month; that is a good thing. But this is, in my experience, this is unprecedented. And, again, it is going to produce a deliverable far quicker than anyone thought possible.

Mr. Quaadman. Agreed. Agreed. And this is something that, you know, we expect to continue, and we hope to see things come to market hopefully relatively soon.

Mr. Burgess. Yeah. It can't be soon enough.

Now, just another issue -- I can't see the clock from where I sit, so, Chairwoman, you will just have to interrupt me if I go over -- but I did want to ask you about the liability issue that you brought up, Mr. Quaadman. My Senator over on the Senate side, Senator Cornyn, of course, is working on pretty broad legislation dealing with some of the liability questions that you brought up.

You point out in your testimony timely, temporary, and targeted. So we have had some experience with other national crises where this type of timely, targeted, and temporary liability protection has been useful. Is that something that you have explored at the U.S. Chamber?

Mr. Quaadman. Yes. I mean, this is something that has happened before and it

has been successful before. One of the points I want to mention as well is just how broad based the coalition is here that is looking for liability relief. It is the business community, it is not-for-profits, it is education, it is government agencies that are looking for this. And we have actually seen some States implement this, as well as Congress, in other areas.

So we think this is very important where businesses are looking for uniformity across the line in order to be able to comply, particularly if they are operating over State lines, and that is why congressional action is so important here.

Mr. Burgess. They are looking forward for certainty as well.

Mr. Quaadman. Yes.

Mr. Burgess. When we come to the question of opening the schools up in the fall and the CDC guidelines, I agree with you that if someone is following those guidelines, there should be a measure of liability protection. Some of the difficulty occurs in that sometimes the guidelines change and that change may happen relatively suddenly, which is another reason that that liability protection is just so critical to being able to provide those services.

Mr. Quaadman. Agree.

Mr. Burgess. In whatever time I have left, Mr. Anderson, I so appreciated your testimony on the payment mechanisms, and certainly that should be a red flag to some, that certain types of mechanisms are not -- they are so far outside the mainstream, so far outside the norm that red flags --

Ms. Schakowsky. We are way --

Mr. Burgess. So I just so appreciate you bringing that to our attention today. I think that is an important part.

And I will yield back.

Ms. Schakowsky. The gentleman yields back.

And now, I recognize Congressman Bobby Rush, my colleague from Illinois.

You there, Bob? Unmute.

Mr. Rush. All right. Thank you, Madam Chair.

Ms. Schakowsky. There you go.

Mr. Rush. All right.

Ms. Greenberg, in your testimony, you discuss how consumers' vulnerability to unfair and deceptive practices has been exacerbated by COVID-19. One of the potential vulnerabilities resides in the FTC's Funeral Rule. That is updated in 1994. The Funeral Rule does not account for the way our economy focuses today, especially knowing the COVID pandemic. That is why last month I, along with nine of my colleagues on the committee, sent a letter to the FTC asking them, among other things, to require funeral homes to post their prices online and to provide them in a standardized format.

In your opinion, is this something you believe the FTC should require, and if so why? And if not, why not?

Ms. Greenberg. Thank you for the question, Congressman Rush. Yes, this has been a long-standing consumer position. Certainly, our organizations and sister organizations, we do believe that there should be a requirement that funeral homes post their prices online. We know that that information would certainly benefit consumers. The funeral industry has, over the years, had a reputation for inflating prices, for changing the rules with families who are encountering and are in the middle of very vulnerable situations where they have lost a loved one.

So at a time when consumers should be focused on grieving, they should not have to deal with getting the runaround from unscrupulous funeral directors. So clear information up front we think will help families. We couldn't agree more with the



position you took in the letter. Let's post that information. Give it to consumers so they can compare prices.

Mr. Rush. Ms. Greenberg, COVID-19 has revealed for all Americans to see the deep fault lines that exist in our society as it relates to healthcare, law enforcement, unemployment, and various other issues. Are there any similar fault lines that exist in the consumer protection area of our society?

Ms. Greenberg. Well, I think you are absolutely right that COVID has revealed the disparities. Communities of color are paying a higher price than any other, particularly the African American community, during this COVID crisis. So one of the things that we noted is that The New York Times was trying to publish some of this information about disparities and they actually had to sue the CDC to obtain data on the disparities affecting communities of color.

So it is really a -- revealed this chasm of treatment. We have got issues of access to healthcare. We have got States that -- 13 States that have failed to expand Medicaid. We have Cobra that is in the -- Cobra coverage that is in the HEROES Act that the Senate has not taken up and needs to, in our opinion.

So we think it is really an insult to communities of color who have faced the brunt of losses from this pandemic.

Mr. Rush. Now, on the landscape of consumer protection organization, would you be supportive of a consumer protection organization and that really speaks directly and speaks directly for minorities and communities of color?

Ms. Greenberg. Yes, we certainly would. And we think that there needs to be much more focus on the disparities that this pandemic has created. So the answer is, yes, we will work with you on that.

Mr. Rush. All right.

Mr. Anderson, thank you for highlighting the plight of our Nation's seniors. In my district and across the country, too many seniors have been subject to unscrupulous assisted living facilities trying to steal residents' stimulus checks under the guise of payments the facility is entitled to. That is why I was glad to see the FTC highlight this problem in May and why I sent a letter to CMS to see what they were doing to stop this practice. Unfortunately, CMS has limited jurisdiction in these situations.

My question is, other than increasing awareness, what can be done to prevent this malfeasance?

Mr. Anderson. Well, certainly, if consumers and seniors have that practice happen to them, I would encourage them to report it to, you know -- in North Carolina, they can report it to our office, we will get it in the right hands. And if we hear of something inappropriate happening, we will follow up on it and take appropriate action on it or we will refer it to the right entity. It might be a Medicaid fraud-type entity. But it is something. If it happens to consumers, they should report it to the authorities for possible enforcement action, you know. We certainly don't want that type of activity to be occurring.

Mr. Rush. Thank you.

I yield back, Madam Chair.

Ms. Schakowsky. Okay. The gentleman yields back.

And I am going with, next, with everyone that is on the committee before we get to people who have waived on. And I call -- I now ask my friend, Doris Matsui, to do her 5 minutes.

Ms. Matsui. Thank you very much, Madam Chair, for this very, very important hearing. It is really something that is really necessary today. And I thank the witnesses for being here with us also.

I want to follow up more on older Americans. According to AARP, before the coronavirus, one in four older adults were socially isolated. Now we know that number is much higher today because they are doing their part to limit their risk to the exposure to the virus by staying at home. At the same time, they are spending more time online, at an increased risk of being targeted by COVID-19 scam activity. Now, not all older adults are emailing or texting, but I suspect most are receiving robocalls from COVID fraudsters.

Ms. Greenberg and Mr. Anderson, what is the best way to reach older adults offline about the scams we are discussing here today?

Ms. Greenberg. Yes. Older adults are besieged by robocalls and even calls on their mobile or their landlines, and it has been exacerbated terribly by the pandemic. Education for family members, ensuring that your family member, your older family member is not by themselves or doesn't make any financial decisions without checking with another family member.

Also, we talked about, I think Mr. Anderson and others asked about, how about letting us know what the scams are. A lot of people don't understand how a scam works. We have got grandparent scams, we have got romance scams, and the scammers are very clever. So we need to expose people to how a scam looks, what the anatomy is of a scam. And there is lots of education to do, but yes.

RPTR MERTENS

EDTR HOFSTAD

[1:56 p.m.]

Ms. Matsui. Okay.

What role can nonprofits and NGOs play in spreading information about common COVID frauds and scams?

Ms. Greenberg. We have a fraud.org site. We have a fraud newsletter that goes out very broadly. We work with State attorneys general. We work with the FTC and a lot of companies. The kinds of companies Mr. Quaadman mentioned can play a very important role in spreading this information, what are the red flags of scams.

Ms. Matsui. All right. Thank you very much.

During this crisis, it is imperative that everyone feels comfortable reaching out for help when they need it. For this to happen, we need our government at all levels to accommodate as many languages as possible.

In California, we have a significant Spanish-speaking population, and I believe it is important that they have options available to them to discuss testing, healthcare, and product-safety complaints in Spanish.

Mr. Anderson, can you describe your efforts in North Carolina to ensure Spanish speakers have options to lodge complaints? And are there other steps you have taken to expand options for consumers when filing complaints?

Mr. Anderson. Yes, we agree that that is important, and we try to make it as easy as possible for Spanish-speaking populations to lodge complaints with us.

We have employees on staff that speak Spanish so that, when calls come in, they can speak in Spanish to those consumers over the phone. We have our consumer complaint form in Spanish on our website. When we put out alerts and other consumer

information, we often try to put that information out in Spanish. We reach out to some of the news media publications that Spanish-speaking populations subscribe to and pay attention to to try to help the get word out.

You know, I think there are lots of things that can be done there, and I agree it is important. In the consumer-protection world, you want everyone possible to know about these things, and sometimes that means communicating in the language that people are going to understand.

Ms. Matsui. And I also believe that it is important to reach out to other groups that work with the Spanish-speaking population, whether it be churches or other groups. I know there are many available, and I think that they would be very, very willing to help out also.

Now, you know, while the FTC, DOJ, and FTR have roles to play in cracking down on fraudulent or ineffective products, markets, and consumers, we also need enforcement efforts in web platforms and social media companies.

Ms. Greenberg, do you believe these companies are devoting sufficient resources to adequately protect consumers from seeing fraudulent acts?

Ms. Greenberg. We think there is a lot more room for improvement. Some of them have done very good work in reaching out, but, as we know, Facebook published ads that Consumer Reports, the magazine, offered them with false information, and they did not check the ads, and they published those advertisements with, you know, deceptive advertising at consumers.

So that exposed a gap. So we are asking these companies, you have got to step up, you have got to do much better. And some are better than others, but I think there is a role for Congress to play here, and we would love to work with you on this.

Ms. Matsui. All right. Well, thank you very much.

And I see my time is gone. I yield back. Thank you.

Ms. Schakowsky. The gentlewoman yields back.

And now I recognize for his questions for 5 minutes Congressman McNerney.

Mr. McNerney. Well, I thank the chair and the ranking member.

And I thank the witnesses. This is an important hearing, and it has a lot of impact on my district and my communities.

But before I start with questions, I would like to make a comment.

Mr. Quaadman, in your testimony, you mentioned the importance of broadband connectivity. In my district, 34 percent of my constituents don't have broadband service at home. And that is why I am proud that the House passed H.R. 2, which would ensure that all Americans are able to have broadband.

This legislation included the Digital Equity Act that I authored, along with Representatives Clarke and Lujan, which would provide Federal funding to address gaps in broadband adoption and to promote digital literacy. If we want to fully unleash economic opportunities in our Nation, we need significant investments in our communities' infrastructure. And deregulation alone will not bridge the digital divide in districts like mine.

Ms. Greenberg, in your written testimony, you noted that, since the beginning of 2020 -- and this quote has been followed up by myself and Mr. Lujan, and you gave it during your testimony -- the FTC has received more than 120,000 complaints about scams, identity theft, and other types of fraud linked to COVID-19. Of those complaints, nearly half indicated a monetary loss of \$78 million.

How much do you think the number of the FTC complaints and monetary losses compares to the actual number of monetary losses and cases that have gone unreported?

Ms. Greenberg. What we know is that most people will not report a loss and will

not reach out to Federal agencies. They either don't know that there is a Federal agency or a State agency, they don't know how to reach those or they even exist to provide remedies. And people are embarrassed because maybe they got scammed, so they are not going to report them.

Mr. McNerney. Sure.

Ms. Greenberg. So I would say that the number is probably tenfold higher, from our experience, and maybe even worse than that. You know, we are just estimating. But very underreported.

Mr. McNerney. Sure. That makes sense.

Mr. Anderson, is there any additional insight on unreported losses that you might have?

Mr. Anderson. Not in terms of numbers, but I would generally say that it has always been our feeling that, even though we receive a lot of complaints from the public, it is typically just the tip of the iceberg.

In North Carolina, we typically receive each year between 10,000 and 20,000 complaints, consumer-related, from North Carolina consumers. But, again, we believe that is just the tip of the iceberg, that people don't report for various reasons.

You know, one message that I think it is important to get out there to consumers that Ms. Greenberg brought up is that consumers shouldn't be embarrassed to report things when they have been victimized by scams.

Mr. McNerney. Right.

Mr. Anderson. I mean, everyone in our society -- I mean, I am not going to mention names, but I have seen Ph.D.s be, you know, subjected to scams. I have seen high-ranking government officials -- these scams are very ingenious. And we want people to report them. We need the information in order to get the information and

protect other people.

So people shouldn't be embarrassed about reporting them. And I hope we can kind of continue to try to get that message out and encourage consumers to report these things and try to help out their fellow citizens from falling prey to them.

Mr. McNerney. Okay. Thank you for that.

Ms. Greenberg, in 2016, the FTC -- and, you know, we always feel the FTC is underresourced. But they found that Black and Latino communities tend to be subject to fraud at higher rates and tend to underreport cases to the FTC.

So, while the consumer education alone is not enough, do you think that it would be helpful for the FTC to increase outreach to these communities about how to protect themselves against scams and steps they should be taking?

Ms. Greenberg. We would like to see the FTC to have the resources to reach out -- go to townhalls, work with your office, do meetings in the various congressional districts, talk to people in churches, in community gathering places, community centers. The more people know about fraud, the better they are at recognizing it. And it is a very effective tool, but you have to know what a fraud looks like.

Like Mr. Anderson said, I have had very sophisticated friends and family members fall for frauds, because the fraudsters are very good at what they do. They read people well, and they know what a scam looks like. And so no one should be embarrassed about coming forward.

But knowing what they look like and how to recognize them is important. So, yes, I do support the FTC being much more pervasive in communities across the country.

Mr. McNerney. Okay.

And I am almost out of time, so I don't expect an answer, but I would like to understand a little bit better about peer-to-peer scams, peer-to-peer financing scams.



So maybe we can have a question for the record on that.

And I yield back.

Ms. Schakowsky. The gentleman yields back.

And now I recognize for 5 minutes Congresswoman Lisa Blunt Rochester.

Ms. Blunt Rochester. Thank you, Madam Chairwoman.

And thank you also to the witnesses.

Amid a global pandemic that is creating unprecedented social, economic upheaval, the last thing anybody needs, the last thing any American needs is to have to worry about scammers.

And I am hearing reports, really awful reports, of practices where people are acting as imposters, as hospitals or doctors, demanding of my constituents payment for the medical debts that they or their loved ones may have incurred due to being treated for COVID-19.

And with staggering unemployment, people are struggling to find a job, and that is making them susceptible to work-at-home scams that offer a way out of economic woes but only after they provide a downpayment, often via a wire transfer.

But I think the most egregious, to me, some of the worst examples, are scammers that target seniors in nursing homes, preying on their isolation borne from this public health emergency. And we have heard a lot of members on this call talk about the impacts on seniors.

I have a bipartisan bill with Mr. Walberg and also our subcommittee's own Mr. Hudson, the Stop Senior Scams Act, that would bring stakeholders together to proactively stop senior scams. In fact, the Senate companion just passed the Senate in June, and we have 13 endorsing organizations, including the National Consumers League and AARP.

And I urge my colleagues on the committee, if you are not already a sponsor or a cosponsor, please join us and please support this bipartisan bill.

To the panel, can you tell the committee why you support this bill and, you know, what specifically you are seeing that are happening to seniors right now?

And I know, Mr. Quaadman, I actually heard you reference our bill a couple of times as well.

So I am going to start with Ms. Greenberg, and then if I could ask Mr. Anderson and Mr. Quaadman.

Ms. Greenberg. Yes. Thank you, Congresswoman.

And, yes, this is an opportunity to support and protect our seniors. They are extremely vulnerable during this pandemic, and we think your bill is so needed right now, the Stop Senior Scams.

It is great that it is a bipartisan bill. Delighted that it passed in the Senate. And my fellow consumer advocates and I are so pleased that you introduced it, and we want to work with you on getting it into law.

Ms. Blunt Rochester. Great. Thank you so much.

Mr. Anderson?

Mr. Anderson. Yes. I think it is important. I have looked at the bill, and, without taking an official position on it or anything, I had a positive reaction to what the bill is trying to do. I think, again, these scams that are targeting seniors are very important to go after and look at.

I think taking a very close look, which I understand is part of the intent of the bill, at how seniors are navigating marketing and scams in the digital world and how the world has changed with technology and different things that can be done to share information and make educating seniors better for consumers, I think that what the bill is trying to do

is all very positive, I think. I think it looks like it is doing good things, to me.

Ms. Blunt Rochester. Thank you, Mr. Anderson.

And, Mr. Quadman, if you have any comments?

Mr. Quadman. Sure. Ms. Rochester, first off, I agree, as well, that increased information is important for customers to protect themselves. Public education is obviously a very important step in doing so as well.

In looking at your bill, in terms of the hearing, obviously, that is what your bill is trying to do. We are currently reviewing it, and we will be happy to have further discussions with you on it.

Ms. Blunt Rochester. Thank you so much.

And for any of you, if you could just share what else you think we need to do in Congress to protect seniors.

We can start with Ms. Greenberg again.

Ms. Greenberg. When you do your townhalls, we need to reinforce with our Federal agencies and our State agencies, don't allow seniors to be isolated and make financial decisions that could cost them or their families a lot of money. So it is really important that they stay connected, that they have somebody that they can call.

There are some things you can do to protect the finances of seniors. You know, they are alone, they are socially isolated, and they may make some decisions that are not in their best financial interest. So Congress can, I think, do a lot to shine a light on how we use our Federal agencies to inform seniors and their family members about better and stronger protections and to make sure they are not socially isolated.

Ms. Blunt Rochester. Thank you.

I have run out of time. And thank you, Madam Chairwoman. I yield back.

Ms. Schakowsky. Thank you.

Mr. Walberg, you have been very patient, waiting, and I am very happy to now recognize you for 5 minutes.

Mr. Walberg. Thank you. Can you hear me?

Ms. Schakowsky. Yes.

Mr. Walberg. Can you hear me?

Ms. Schakowsky. Yes.

Mr. Walberg. We just dropped three of our Chicago grandkids off. And I now realize I am a senior. So this is a perfect hearing for today. I guess I don't realize it. It was just reconfirmed.

But thank you for this hearing. Thanks for allowing me to wave on.

And I guess Lisa Blunt Rochester asked some of my questions. I think that is why we have cosponsored the legislation together, because of our concerns that are going on. We know that, in the digital age, scammers are out there. Seniors are there with their hard-earned money, the savings, et cetera, and so we know that they are going after them.

Let me ask one question that I don't believe has been asked yet today, and that I would like to ask Mr. Anderson and Mr. Quaadman.

If you could expand upon, talk about what companies can do to prevent frauds, scams against seniors, some specifics more towards seniors than anyone else? Because that really is a population that is challenged right now. I know how many phone calls I get every day, some of which I know are scams.

So talk to us, Mr. Anderson and Mr. Quaadman, about specifics that you have seen or could expect companies to do to help out.

Mr. Anderson. So one thing I will say that I think is worth exploring is, are there more things that financial institutions or banks could do to stop seniors from sending out

large transfers of money when they have been subjected to one of these telemarketing scams.

And there are some things that they are already doing, but I think part of the intent of the bill is to look at what can be done there -- training that can occur at the banks and education that banks can do before a senior wires, you know, hundreds of thousands of dollars of their life savings off to a scammer. So I think that is one thing worth exploring.

I think maybe exploring some things involving the payment processing, whether it is wire transfers, gift cards, and if there are ways to, you know, prevent seniors from sending out large sums of money via scams and those payment processing mechanisms is something worth exploring and thinking about.

We could spend a lot of time talking about these things, but those are some things that come to mind. And I will turn it over to the other panelist.

Mr. Walberg. Okay. Thank you.

Mr. Quaadman?

Mr. Quaadman. Sure. Thank you, Mr. Walberg.

As I mentioned before, there is a lot of work that goes on behind the scenes with companies in terms of algorithms and AI to look at transactions and to try and spot them and get in touch with consumers quickly.

There are also a number of different tools that I mentioned, as well, that companies do make available for consumers to protect themselves and to be more aware of what we should be doing. There is probably a better public education that can happen to make seniors aware of what those tools are and how they can use them.

So, again, I think there is a bit of a partnership that we can have between the industry as well as with government that can help educate on that and to help the further

deployment of tools.

Mr. Walberg. Well, I appreciate that.

And I would also encourage my colleagues on Energy and Commerce, specifically on this committee, if you haven't signed on as a cosponsor of our bill, the Stop Senior Scams Act, we certainly would appreciate it. We want to see it move forward and help seniors, myself included.

Thanks, Madam Chairwoman, and I will yield back.

Ms. Schakowsky. Thank you. Yeah, I think there is a few of us on the committee who could benefit from that, at least according to age.

And I thank all of the witnesses for your participation today. I think this was a very, very useful hearing for us. I am sure we will be taking measures and keep that in mind as we move forward.

I understand there are some documents for the record, and, subsequent to that, we will adjourn the hearing, but, you know, anyone who doesn't want to hear the documents -- or does want to, that is next.

We have a document from the Internet Association on fair pricing; a document from the Internet Association on counterfeit goods; a letter from the Toy Association; an article entitled "University Engineers, Architects Design 3D-Printed Nasal Swabs"; an article entitled "Robots Delivering Food to College Campuses this Fall"; an article entitled "Researchers Develop New Technique to Print Electronic Sensors Directly on Organs"; and an article entitled "Researchers Are Tapping Blockchain Tools in Fight Against Coronavirus."

There is more: an article entitled "How Gig Economy Companies are Stepping Up to Help Americans Amid the COVID-19 Pandemic"; an article entitled "How AI Protects People from Online Scams"; and a statement from the AAFA.

Is that it?

Okay. And that is that. And, without objection, those will be entered into the record.

[The information follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

Ms. Schakowsky. And I remind members that, pursuant to committee rules, they have 10 business days to submit additional questions for the record to be answered by the witnesses who have appeared.

I am asking the witnesses, if you are still there, to respond promptly to any questions that you may have.

[The information follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*



Ms. Schakowsky. And, at this time, with my homemade gavel, the subcommittee is adjourned. Thank you so much, everybody.

[Whereupon, at 2:18 p.m., the subcommittee was adjourned.]