

**Opening Statement of
Republican Leader Cathy McMorris Rodgers
CPAC Subcommittee Hearing on
“Safeguarding American Consumers: Fighting Fraud and Scams
During the Pandemic”
February 4, 2021**

As Prepared for Delivery

INTRO

Good morning and welcome to the first Consumer Protection and Commerce Subcommittee hearing of the 117th Congress.

Last Congress, I had the pleasure of working closely with you, Chair Schakowsky, as this subcommittee’s Republican Leader. We were able to achieve significant bipartisan priorities.

For instance:

- We reauthorized the U.S. SAFE WEB Act to ensure international cooperation against scams and frauds, which has never been more important.
- We also got the American COMPETE Act signed into law. I appreciated your help and Chairman Pallone’s help in getting it included in the year end package.

This bill will play an important role in widely deploying emerging technologies, many of which are already being used to respond to the pandemic.

We also made great bipartisan strides on privacy protections. I hope we can build on the bipartisan, bicameral achievements from the end of last year and get a federal privacy standard signed into law this Congress.

I want to congratulate my good friend from Florida, Gus Bilirakis, for taking on the leadership of this Subcommittee for Republicans.

I am excited to see what you will accomplish for the American people and how you will help us win the future.

COVID SCAMS

These are unprecedented times.

Millions of our citizens remain trapped inside their homes with little social interaction.

In addition to worsening our country's mental health and substance abuse crisis, this isolation has created opportunities for bad actors to exploit American's pain.

Last Congress this subcommittee helped combat these bad actors and empowered vulnerable communities to not become victims.

Buddy Carter's Combating Pandemic Scams Act was signed into law at the end of last year, and I am glad we are continuing this good work through this hearing.

As Mr. Bilirakis discussed, there are several scams to be on the lookout for from lies about COVID vaccines to attempts to steal stimulus checks, as well as "old-school" gift cards scams that are on the rise.

I want to thank you, Traci Ponto of Spokane COPS (Community Oriented Policing Services), for sharing your insights on the range of scams you are encountering, and for your work to protect and serve Eastern Washingtonians.

Education is the best prevention, and I know your dedication to that and your cooperation with law enforcement gets results for victims.

FTC 13(b) AUTHORITY

I also want to thank our allies at the Federal Trade Commission.

They are on the frontlines educating our communities about the risks of COVID scams and holding bad actors accountable. And just as I have said during our work on privacy protections, we need a strong national standard and a regulator who is empowered to enforce that standard.

The FTC has long relied on Section 13(b) of the FTC Act to obtain and enforce a range of remedies against certain illegal conduct, but I understand that authority is currently being challenged in the courts.

Specifically, the Third and Seventh Circuits have recently ruled that the FTC cannot obtain monetary relief under Section 13(b), and the Third Circuit decided the FTC misused Section 13(b) to address past illegal conduct.

While we await the Supreme Court's decision, Congress has been asked by the FTC to amend the Act to clarify this authority.

There is certainly a clear need to get financial restitution to victims however, I am concerned about the potential for the FTC to abuse that authority and use it primarily to leverage defendants into settlements.

If the argument in favor of increased FTC authority is that defendants are defending themselves too often without it, that simply is not persuasive with me.

I want to be clear: I understand the importance of Section 13(b) and the role it can play in the agency's consumer protection mission, especially its bigger cases.

I also understand the reality that Democrats are in control of both chambers and may want to move before the Supreme Court rules.

If that is the case, we must use this time as an opportunity to address other reforms to the Commission.

Due process is a foundational principle for the protection of Americans' legal rights, and it must be central to any changes to existing law.

If we are to tackle 13(b) authorities, we should also take a holistic look at the FTC's authorities and consider other amendments.

We considered FTC process and transparency reforms in the 114th Congress, and that must be part of this legislative effort.

CONCLUSION

I want to thank our witnesses again for being here today for this timely and important discussion. I look forward to hearing from you all.

Thank you. I yield back.