

Committee on Energy and Commerce
Opening Statement as Prepared for Delivery
of
Subcommittee on Consumer Protection and Commerce
Chair Schakowsky

Safeguarding American Consumers: Fighting Fraud and Scams During the Pandemic

February 4, 2021

Good afternoon, and welcome to our hearing on the Federal Trade Commission and its response to COVID-19. The Federal Trade Commission was established in 1914, through an act of Congress, and is inextricably linked with this committee, in particular this subcommittee. The Energy and Commerce Committee is the oldest standing Committee in Congress, originally stood up to regulate interstate and international commerce. Like this Committee, the Federal Trade Commission was tasked with regulating interstate commerce. It is the only agency with jurisdiction over both consumer protection and competition issues.

Many critics, myself included, would argue that the Federal Trade Commission has not live up to its potential over the last 40 years. But, yesterday, the FTC announced a remarkable settlement with Amazon over its systematic stealing of its delivery drivers' tips. This is exactly the sort of announcement I had hoped the new Acting Chairwoman would make, a signal that the FTC would be taking on big cases that serve as a true deterrent for illegal conduct by those who might prey on Americans. But we must recognize that this settlement would not have been possible without the threat of the FTC using its section 13B authority. I'll explain.

Under 13(b), the FTC can require defrauders to provide restitution (money) to individuals who have been defrauded. Unfortunately, this authority is under assault at the Supreme Court, and the FTC may find itself deprived of a critical tool. Additionally, companies that defraud consumers make it hard for honest businesses to compete and gain the trust of consumers. I would hope that organizations like the Chamber of Commerce would recognize that rooting out bad actors and returning stolen funds to consumers is important to everyone. Luckily, reaffirming the FTC 13(b) authority is a bipartisan issue at the Commission as it should be everywhere.

Specific to COVID-19, the FTC has been very aggressive in investigating fraud that originates online. The agency has sent hundreds of takedown letters but has not gone after a major cause of the problem – negligence by platforms. These platforms are not unwitting conspirators, but rather partners-in-profit. Platforms must demonstrate real efforts towards keeping scammers off the sites. Especially now when Americans are more reliant than ever on e-commerce.

I would like to see our sub-committee pass the INFORM Consumer Act, which would require online platforms to verify the identity of 3rd party sellers. This would go a long way toward protecting Americans. I hope this Congress, this subcommittee can pursue a 21st Century

Consumer Rights agenda, in a bipartisan way, and make sure consumer rights that exist in the physical world extend to the online world. And I am looking forward to the direction the FTC Acting Chair will take the Commission – using all the tools – including the franchise rule, the funeral home rule, and pursuing more unfairness cases.

Thank you to witnesses for joining us today. I now recognize Mr. Bilirakis for 5 minutes.