



August 27, 2021

The Honorable Frank Pallone, Jr.  
Chairman  
Committee on Energy and Commerce  
House of Representatives  
United States Congress  
2125 Rayburn House Office Building  
Washington, DC 20515

**RE: National Consumers League Responses to Questions for the Record From the Consumer Protection and Commerce Subcommittee’s Hearing on “Transforming the FTC: Legislation to Modernize Consumer Protection”**

Dear Chairman Pallone:

Thank you for August 16, 2021 letter requesting answers from the National Consumers League to several questions for the record submitted by Congresswoman Schakowsky following the Consumer Protection and Commerce Subcommittee’s hearing on July 28, 2021. We are pleased to provide responses to those questions in the attached document.

Please do not hesitate to contact me at your convenience should you, other Members, or staff have any additional questions.

Sincerely,

A handwritten signature in black ink that reads 'Sally Greenberg'.

Sally Greenberg  
Executive Director  
National Consumers League  
E-mail: [sallyg@nclnet.org](mailto:sallyg@nclnet.org)

**Attachment—Additional Questions for the Record**  
**Subcommittee on Consumer Protection and Commerce**  
**Hearing on**  
**“Transforming the FTC: Legislation to Modernize Consumer Protection”**  
**July 28, 2021**

Ms. Sally Greenberg, Executive Director, National Consumers League

**The Honorable Janice D. Schakowsky (D-IL)**

1. The central theme of last month’s hearing was ensuring the FTC has the tools it needs to protect consumers in the modern marketplace and into the future. In practice, this often means adapting to an online, interconnected world.
  - a. How has the shift to online commerce, the proliferation of social media, and the general dependence on the internet changed the consumer experience?

**RESPONSE:** The Internet has revolutionized the way consumers interact with the marketplace. This has had both positive and negative implications for consumers’ shopping experience. While consumers have access to millions of products and services at the touch of a button, it has also given scammers a practically limitless universe of potential victims for a dizzying array of frauds. While social media has allowed consumers to easily tap into the wisdom of their social networks to do things like evaluate particular products, it has also allowed disinformation and misinformation to distort the marketplace. The current wave of disinformation regarding COVID-19 vaccines and treatments, powered in no small part by social media, is a perfect example. And while online commerce has enabled consumers to vastly expand the number of merchants they interact with, policing marketplaces for things like unsafe and counterfeit products remains an ongoing challenge.

- b. Are certain groups particularly vulnerable to online harms?

**RESPONSE:** All Internet users, regardless of age, income, race or degree of tech-savviness are vulnerable to online harms. The range of potential harms means that all consumers should educate themselves to help reduce the risk of being scammed online. However, consumer education alone will not adequately address the problem. It is incumbent on companies that are collecting billions of dollars in profits from consumers’ use of the Internet to take a bigger role in protecting those users. It is for this reason that NCL supports comprehensive data security standards legislation that would require that companies that collect consumer data to take reasonable data security measures to protect that data.

While all consumers are vulnerable to online harms, we are particularly concerned about risks to seniors and children. It is for this reason that NCL supports the H.R. 1215, the Fraud and Scam Reduction Act,<sup>1</sup> which would enhance the FTC's ability to educate seniors about how to identify and prevent scams. NCL also supports bills such as Senator Markey and Cassidy's Children and Teens' Online Privacy Protection Act of 2021 (S. 1628),<sup>2</sup> which would strengthen privacy and security protections for children's data.

- c. What are the most important steps Congress can take to make sure that the Federal Trade Commission can fulfill its duty to protect consumers from unfair, deceptive, and anticompetitive behavior?

**RESPONSE:** Consumers must be able to rely on a Federal Trade Commission that is empowered to hold the companies that power the Internet accountable when they engage in unfair or deceptive practices. Unfortunately, the agency is both resource-constrained and, thanks to the Supreme Court's decision in *AMG Capital Management*, legally limited in its ability to protect consumers in the vast and every-changing online marketplace.

To address these challenges, Congress should pass Congressman Cardenas' Consumer Protection and Recovery Act (H.R. 2668),<sup>3</sup> which would restore the FTC's ability to claw back ill-gotten gains from companies – both online and offline – that abuse consumers. We applaud the House for passing this important bill in July and we urge the Senate to move expeditiously to approve this important bill.

Another important priority for Congress must be to adequately fund the FTC. In recent decades, Congress has continually asked to FTC to expand the scope of its consumer protection and antitrust activities. However, the agency's full-time employee headcount is roughly 50% less than it was at the beginning of the Reagan Administration.<sup>4</sup> Congress should dramatically increase the FTC's funding so that it can adequately execute on its growing mission.

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<sup>1</sup> Online: <https://www.congress.gov/117/bills/hr1215/BILLS-117hr1215eh.pdf>

<sup>2</sup> Online: <https://www.congress.gov/117/bills/s1628/BILLS-117s1628is.pdf>

<sup>3</sup> Online: <https://www.congress.gov/117/bills/hr2668/BILLS-117hr2668eh.pdf>

<sup>4</sup> See Fed. Trade Comm'n, FTC Appropriation and Full-Time Equivalent (FTE) History, <https://www.ftc.gov/about-ftc/bureaus-offices/office-executive-director/financial-management-office/ftc-appropriation>