

Statement Of Commissioner Rebecca Kelly Slaughter

Committee on Energy and Commerce Subcommittee on Digital Commerce and Consumer Protection United States House of Representatives

July 18, 2018

Chairman Latta, Ranking Member Schakowsky, and members of the Subcommittee - thank you for inviting us here today. I would like to use my limited time to highlight the critical work the Commission does to protect American consumers from fraud and from illegal robocalls. I also want to draw attention to the resource challenges of the Commission.

Combatting Fraud

Although it sometimes grabs fewer headlines, fighting fraud is a central part of the FTC's consumer protection mission. The Commission routinely tracks down and stops some of the worst scams—often targeting consumers who can least afford to lose money, including the elderly, members of the military, students burdened by debt, and small businesses.

The FTC takes the lead on important initiatives to shut down fraudsters and joins with our federal, state, and international law enforcement partners. Some recent examples of these initiatives include “Operation Tech Trap,” a crackdown on tech support scams that trick consumers into believing their computers are infected, and then charge them hundreds of dollars for unnecessary repairs. Another example: “Operation Game of Loans,” where we led the first federal & state coordinated action targeting 36 student loan debt relief scams. And just last month we announced Operation Main Street, an effort to stop small business scams.

The agency has also been at the forefront of addressing deceptive moneymaking frauds involving cryptocurrencies, bringing enforcement action and hosting a workshop to explore how scammers are exploiting public interest in cryptocurrencies and how to empower and protect consumers against the growing threat of exploitation. This is an area we must continue to monitor closely, including working with stakeholders who don't traditionally engage with the FTC.

Robocalls

Few things unite Americans more than their outrage over illegal robocalls. The FTC uses every tool at its disposal to stop illegal calls. We have brought 137 cases

targeting over 800 individuals and companies responsible for billions of illegal calls to U.S. consumers. And we've collected over \$121 million in judgments.

But as anyone with a phone knows, the problem persists. While our aggressive law enforcement efforts will continue, we know that the explosion in illegal calls stems from technological developments in the calling landscape: law violators can now place endless streams of calls, for a fraction of a cent. And, too often, the criminals behind some of the worst calling scams are located abroad, beyond the immediate reach of a civil law enforcement agency.

Technological problems need technological solutions. The FTC has been a leader in pushing industry to develop those solutions, helping to spur providers and third parties into offering call-blocking options.

The best long term solution is to empower and expect providers to deploy solutions at the network level that will reach every consumer. Effective blocking tools to stop spam should be available to all consumers using every kind of phone system, and carriers should have both the right and the responsibility to keep their systems clear of unwanted calls.

The FTC is currently limited in its ability to address failures on the part of providers as a result of the common carrier exemption to our jurisdiction. Some carriers know or have every reason to know that they are passing along illegal or even fraudulent calls, but they are beyond our reach.

Speaking as a consumer as well as an enforcement official, I share the public outrage at robocalls and I am eager to work with Congress to empower the FTC to do even more to combat this profound nuisance.

Expectations and Resources

Finally, I would like to say a word about our resources. The FTC works tirelessly to protect consumers and advance competition in an increasingly technical, digital and sophisticated marketplace. Consumers rightly look to the FTC to address evolving challenges, and one of my top priorities is to make sure that we meet these expectations successfully.

We have excellent, expert, experienced staff who want nothing more than to hold law breakers accountable; we leverage them as effectively as possible. But we have more cases to bring every day, those cases have become more complex both legally and technologically, and they involve defendants with deep pockets and

armies of attorneys. Our budget has not kept pace with these developments; to wit, we had more FTE in the Reagan administration than we do today. It is critical that the FTC have sufficient resources to support its work, particularly as demands for enforcement in so many complex areas continue to grow.

In addition to sufficient resources, sufficient authority is critical for the FTC to continue to meet the demands of the 21st century marketplace. Repeal of the common carrier exemption, APA rulemaking authority, and related civil penalty authority would each go a long way to help the FTC better meet today's challenges as well as tomorrow's.