

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of
Chairman Frank Pallone, Jr.**

Hearing on “The Consumer Protection and Recovery Act: Returning Money to Defrauded Consumers”

April 27, 2021

Last Thursday, the Supreme Court ruled that the Federal Trade Commission (FTC) may no longer use its primary tool to get Americans their money back from fraudsters and scammers. This strikes at the very heart of the FTC’s mission to protect and provide relief to consumers. The FTC lost the case, but it’s the American people that will suffer. What my colleagues and I have been saying for over a year was a problem is now an emergency.

The FTC used section 13(b) for over 40 years to sue in court to get consumers the money stolen from them and to force fraudsters to give up illegal profits. And for over 40 years, it was effective in providing relief. In my home state of New Jersey alone, the FTC has sent \$37.5 million to over 167,000 residents since July 2018. And New Jersey is not unique.

The FTC has helped return stolen money and provided other equitable relief to millions of constituents across every one of our states. Hard working Americans can feed their families, pay for rent, and buy clothes for their kids because the FTC used section 13(b) to return money that was defrauded. Over two hundred thousand consumers, including many veterans and service members, scammed by the University of Phoenix and DeVry were relieved from undeserved and burdensome student debt because the FTC used section 13(b).

Unless we take action, the FTC’s ability to provide that kind of help to our constituents is no longer possible as of last week thanks to the Supreme Court’s decision.

That is why the FTC unanimously requested Congress ensure it could continue to seek monetary relief for consumers under 13(b) as soon as circuit courts first questioned this authority in 2019. That is why I, Chair Schakowsky, and every Democratic member of this subcommittee joined with Vice Chair Cárdenas to support the Consumer Protection and Recovery Act we are considering today.

There are no adequate substitutes in the current law that can simply replace what the FTC has lost. The remaining authority of the FTC is too weak and, where available, will take too long for meaningful relief for our constituents. Vice Chair Cárdenas’ bill restores the minimum authorities necessary for an effective enforcement regime.

Some argue that we need to take this opportunity to reconsider the scope of the FTC’s authority and even weaken it in some ways. To the contrary, I believe that the FTC should have greater authority to go after scammers. Simply getting stolen money returned or a court order

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preventing further illegal activity is an insufficient deterrent for companies and individuals intent on scamming consumers, including veterans, the elderly, and vulnerable communities.

While I am willing to discuss larger reforms, I am not willing to leave Americans out in the cold and leave the door open for scammers while we debate. The Supreme Court's decision put a neon welcome sign out for fraudsters to target consumers, and made clear Congress alone has the power to come together and fix this.

That is what the Consumer Protection and Recovery Act does, and I hope my colleagues on both sides of the aisle will work with us to pass this bill quickly. Putting consumers first is something we should all be able to agree on.