

**Chair Khan Opening Statement
Committee on Energy and Commerce
Subcommittee on Innovation, Data, and Commerce
United States House of Representatives
Hearing on Fiscal Year 2024 Federal Trade Commission Budget
April 18, 2023**

Chairman Bilirakis, Ranking Member Schakowsky, and members of the Subcommittee, thank you for inviting me to testify today. It is an honor to be here with you alongside Commissioners Slaughter and Bedoya. I am grateful to have them as colleagues.

I want to take a few minutes to share some of the Commission’s accomplishments during this last year. None of this work would have been possible without the extraordinary efforts of the FTC staff, who day after day fight for American consumers, workers, and honest businesses—even when it means taking on some of the most powerful corporations in our economy. Although this oral testimony is mine alone, I know I speak for all of us when I say how lucky we are to work with the talented, dedicated professionals of the Federal Trade Commission.

The FTC is firing on all cylinders to fully execute on our mandate to promote fair competition and protect Americans from unfair or deceptive practices.

We are redoubling our efforts in traditional areas of enforcement—like protecting Americans’ privacy and combatting fraud—while also activating additional authorities that Congress has given us. In the last year alone, we’ve broken ground by bringing actions in a number of areas—including our first action under the Opioid Addiction Recovery Fraud Prevention Act; our first action under the Health Breach Notification Rule; our first action under the Military Lending Act; and our first action under the Made in USA Rule. In the mean time, we’ve also been racking up record monetary judgments—including the largest-ever judgment to

protect kids' privacy, the largest monetary judgment in a fair lending case, and the largest administrative judgment ever.

Privacy and data security remain a major focus for the FTC. I applaud this Committee's continued efforts to enact comprehensive federal privacy legislation. For our part, Commission staff have brought critical actions to protect Americans' data—including kids' data and sensitive information like health data.

We brought an action against Fortnite, the maker of Epic Games, for undermining children's privacy. We secured a record-breaking fine for the company's violation of the Children's Online Privacy Protection Act (COPPA) while also securing important changes in the company's privacy practices. We also published a policy statement to put market participants on notice that we will vigorously protect children's privacy in the educational technology world, and we have followed up through our recent enforcement action against Chegg, an ed tech company.

The Commission also recently brought two seminal health privacy actions against BetterHelp and GoodRx—two online health care providers that we found had committed to keeping users' sensitive health information private, but ended up making it available for firms to use for advertising. In the settlements resolving these actions, staff negotiated outright bans, prohibiting these companies from disclosing health data to third parties for advertising. Finally, Commission staff are currently litigating a privacy case against Kochava, a location data broker that was selling users' sensitive location data—including information that could be used to identify whether people were going to addiction facilities, visiting reproductive health clinics, or attending religious services.

Another major effort at the Commission this year has been stopping the scourge of junk fees, or the unwanted charges that can drain Americans' pocketbooks. The FTC brought enforcement actions against companies that trick consumers into spending money they didn't intend to spend, including through manipulative online interfaces. We also sued car dealers for sneaking on junk fees for made-up or unwanted services. And we brought enforcement actions against companies that trapped consumers into renewing payment plans through making cancellation intentionally difficult. Our \$100 million dollar settlement with internet phone provider Vonage, which we claimed created obstacles for consumers and small businesses trying to cancel their service, is a key example of this work. Beyond these enforcement actions, the Commission began several rulemaking proceedings to address unwanted charges made by companies, including seeking comment on a proposed junk fees rulemaking and proposing our "click to cancel" rule, which would require companies to make it as easy to cancel a subscription as they make it to sign up.

The FTC has also been working to preserve the integrity of the Made in USA label by halting companies from making false "Made in USA" claims. In 2021, the Commission finalized a rule that prohibits the misuse of the "Made in America" label, triggering stiff civil penalties, injunctive relief, and other remedies for those who violate it. The Commission is already taking action to enforce this rule, including against a manufacturer of lithium-ion batteries and a seller of personal protective equipment. These actions help protect honest businesses and true domestic manufacturers, while ensuring consumers can trust the "Made in USA" label.

Consumers and independent businesses have also benefitted from Commission staff's working defending Americans' "Right to Repair." The FTC has targeted unlawful repair restrictions, which can make consumer products more difficult to fix and maintain. Since issuing

our 2021 policy statement committing the agency to this work, we've brought three major actions against companies for imposing unlawful repair restrictions—and have required them to eliminate restrictive warranty terms. We have also partnered up with states looking to expand Americans' right to repair their products, and look forward to continuing our work with Congress in this area as well.

The Commission's fraud enforcement efforts remain a critical part of its work. Over the last year, we have been particularly focused on fraud that harms veterans, service members, and older Americans. For example, the Commission's first action under the Military Lending Act, brought together with 18 states, required a national retailer to pay over \$10 million in refunds for cheating military families with illegal financing and sales tactics. The Commission continues to work with agency partners at the Department of Defense and the Consumer Financial Protection Bureau to fully protect servicemembers and veterans from unlawful business practices.

The Commission has also been very active in preventing and remediating fraud against elder Americans. These efforts include actions against companies that target older adults with deceptive practices, such as false promises about timeshares, health plans, and cures for foot pain. Beyond fraud enforcement specifically helping military and older Americans, the Commission has brought significant actions addressing a myriad of other fraud-related activity, including government imposters, fake reviews, false earnings claims, and companies that facilitate scams through lax money transfer services.

Many of these successes reflect years of work by Commission staff, who have shown extraordinary resilience and dedication despite significant resource constraints and setbacks. I am honored to call them colleagues, and it is an extraordinary honor to steward the Commission during this reinvigorated era of consumer protection and competition policy.

Thank you for the opportunity to appear before you today. I am happy to answer any questions.
