

**ORAL STATEMENT OF  
COMMISSIONER JON LEIBOWITZ**

before the  
Senate Committee on Appropriations  
Subcommittee on Financial Services and General Government  
on the  
President's Fiscal Year 2009 Funding Request and  
Budget Justification for the Federal Trade Commission  
May 14, 2008, 3:00 p.m.

Chairman Durbin, Ranking Member Brownback, and Members of the Subcommittee:

Let me begin by speaking briefly about the Commission generally before I turn to the FTC's **consumer protection** efforts.

From my perspective, the Commission's biggest challenge is that we are a small agency – fewer than 1,100 FTEs – tasked with a big mission: protecting competition and consumers across broad swaths of the economy. The constant challenge is not only to effectively leverage our limited resources but also to ensure that the quality of our work will not be strained by the quantity of demands placed upon us.

In the past few years, Congress has enacted several new laws that the FTC is charged with enforcing: CAN-SPAM, the Fair and Accurate Credit Transactions Act (*FACTA*), Gramm-Leach-Bliley, and the Children's Online Privacy Protection Act (*COPPA*), to name just a few.

Put simply, *implementing* – and *enforcing* – these laws takes resources.

For that reason, we appreciate your efforts to ensure that we have the budget we need. Speaking for myself, I am enormously grateful for the \$3 million in funding your Subcommittee authorized last year above the Administration's request. This enabled us to hire additional employees to bolster our enforcement efforts, especially in the areas of financial services and anticompetitive behavior by pharmaceutical companies.

The rest of my remarks will focus on some of our consumer protection priorities:

**First, Financial Services:** We currently have multiple investigations underway in the subprime market, including two that the targets made public: investigations of **Bear Stearns** and its subsidiary's servicing of subprime mortgage loans and of **CompuCredit**, a leading provider of subprime credit cards. We are also investigating mortgage brokers whose advertising, for example, touted extremely low interest rates without disclosing that they would increase substantially after a short introductory period. In the past decade, we have brought **22 actions** against the mortgage lending industry and obtained more than **\$320 million** in consumer redress.

Mr. Chairman, if you combine **all** the consumer redress, disgorgement, and fines we collect with our Hart-Scott-Rodino and Do Not Call fees, our Agency brings back more money to American consumers than it costs.

**Second, Do Not Call:** The great American philosopher Dave Barry has called the National Do Not Call Registry "the most popular government program since the Elvis stamp." It has helped preserve the sanctity of the American dinner hour, and we are grateful that Congress made Do Not Call permanent last year. There are nearly 160 million phone numbers registered and, to date, we've brought 36 cases against violators.

**Third, technology:** The Commission has initiated more than 100 spam and spyware actions, and has helped to substantially reduce the nuisance adware problems that have caused literally billions of unwanted pop-up ads on Americans' computers. We have also held hearings on emerging technologies and practices such as behavioral marketing; that is, the monitoring of consumers' online behavior to deliver targeted advertising. Commission staff recently issued a set of proposed behavioral advertising principles for public comment.

**Fourth, Privacy and Data Security:** Safeguarding consumers’ sensitive personal information remains a priority. To date, the FTC has brought 20 enforcement actions challenging data breaches and inadequate security practices.

**Fifth, Green Claims:** In the past year or so, there has been an explosion of environmental advertising claims like “sustainable,” “renewable,” and “carbon neutral.” In response, we’re holding a series of workshops and updating our environmental marketing guidelines – the “Green Guides.”

**Sixth (and finally), Marketing to Children:** The Commission continues its efforts to combat childhood obesity and foster appropriate food marketing to children. Last August, the Commission subpoenaed 44 food and beverage companies seeking information on their activities targeted to kids. Staff is preparing a Report to Congress, which we expect to release this summer.

The Commission also continues to monitor entertainment industry marketing practices. Since 2000, the FTC has issued six Reports on the marketing of movies, music, and video games containing violent content. And last week we released the results of our fifth undercover shopping survey, in which underage teenagers tried to buy media labeled as containing inappropriate content. These Reports and surveys generally show industry improvement – although further progress is needed, especially in the growing marketing of unrated DVDs. Our efforts are designed to encourage further self-regulation in this area.

With that, let me exercise some self-regulation of my own and stop talking. I would be happy to answer any questions.

Thank you.