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United States Senate

WASHINGTON, DC 20510-7012

June 25, 2009

Chairman Jon Leibowitz
The Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Dear Chairman Leibowitz:

I am writing to urge the Federal Trade Commission (FTC) to focus on the state of Nevada in its enforcement efforts relating to mortgage-modification scams, and give due consideration to preventing these scams during the rulemaking process now underway at the commission.

The severe downturn in Nevada's housing market has led to a host of deceptive and unscrupulous business practices, further exploiting victims of the housing crisis. In 2007, Nevada ranked second in the nation for mortgage-fraud crimes. The Nevada Attorney General's office is investigating a number of "foreclosure rescue" schemes that have victimized hundreds of Nevadans. As of the end of March, the Las Vegas Division of the Federal Bureau of Investigation has experienced an almost 100 percent increase in pending mortgage fraud cases in comparison to the entire year of 2008.

I appreciate the good work of the commission to date on enforcement. The recent announcement of the enforcement action brought against a mortgage-modification company was welcome news and demonstrates the FTC's commitment to protecting home owners. To the extent possible, I urge you to devote the necessary staff resources to investigate and pursue meritorious enforcement actions against illegitimate firms victimizing Nevadans with false promises of mortgage relief.

Recently, the commission noticed a rulemaking proceeding as directed by section 626 of the Omnibus Appropriations Act of 2009, which required the FTC develop rules on deceptive practices dealing with mortgages. The notice indicated the commission is looking particularly at whether certain practices by mortgage-modification companies are unfair or deceptive and therefore should be subject to the penalties attending violations of the Federal Trade Commission Act. Again, I applaud your attention to this issue. Given the large number of reports I receive about Nevadans paying large fees but receiving no mortgage modification or relief of any kind, it is clear that these rules are needed. Additional assistance with deterrence from federal agencies is needed in Nevada, where budget constraints have left local consumer-protection agencies understaffed. The FTC's rulemaking in this area ultimately could lead to that additional help.

Finally, I would like you to visit Nevada and host with me a forum on consumer protection, especially as it relates to mortgage scams. We cannot educate Nevadans enough


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about the dangers of some of the illegitimate actors promising mortgage relief but delivering additional financial stress. Your expertise in combating these abuses would make a big impact on my state and help many struggling home owners.

I appreciate your consideration of these requests and look forward to your response.

My best wishes to you.

Sincerely,

 HARRY REID
United States Senator
Nevada

HR:MU