

**Statement of Chairman Timothy J. Muris
Federal Trade Commission**

Before the

**Subcommittee on Competition, Foreign Commerce, and Infrastructure
Committee on Commerce, Science, and Transportation
United States Senate**

June 11, 2003

Thank you, Mr. Chairman. We appreciate the opportunity to testify today to support the FTC's reauthorization request.

On behalf of the Commission, let me first start by expressing our sincere thanks to you, Mr. Chairman, and all the members of this Subcommittee, for your continued support of the agency. Since the last reauthorization hearing, the FTC's dedicated staff has continued to take innovative and aggressive actions to protect consumers and promote competition. Today, I would like to briefly outline our mission and some of our recent accomplishments. My colleagues will then each discuss specific legislative proposals that the FTC is recommending to assist the agency in better serving consumers.

The FTC's consumer protection mission focuses on attacking fraud and deception, consumer privacy, deceptive lending practices, and cross-border consumer protection. This program provides American consumers with impressive results. Since April 1, 2002, the FTC has organized 12 joint law enforcement efforts or "sweeps" with more than 165 partners. These sweeps resulted in more than 400 cases targeting Internet scams and telemarketing fraud, including deceptive work-at-home opportunities, deceptive health claims, advance-fee credit-related fraud, fundraising fraud, and Internet action fraud. Overall, since April 2002, the FTC has obtained more than 65 final judgments, ordering more than \$865 million in consumer redress.

In addition to attacking fraud, the Commission devotes significant resources to protecting consumer privacy. This year, the Commission, with assistance from Congress, is set to launch its National Do-Not-Call registry. Implementation of this registry will begin this summer. Once it is in place, consumers who have registered will begin to receive fewer and fewer unwanted telemarketing calls. I want to thank you Mr. Chairman and this Committee for your support of this important initiative.

In addition to unwanted telemarketing calls, unsolicited commercial e-mail or spam is a growing consumer concern. We are addressing consumer concerns about spam through law enforcement, consumer and business education, and research. In addition, the Commission has legislative proposals that Commissioner Swindle will discuss.

The Commission has been equally as active protecting consumers from anticompetitive conduct that could raise prices, particularly in the health care, energy, and high-tech industries.

In the health care sector, a number of FTC activities will likely provide consumers with more affordable drugs. For example, the FTC published a study examining the frequency of anticompetitive abuses to block market entry of lower-cost generic drugs; provided comments to the FDA on the potential for misusing the Hatch-Waxman Act procedures governing generic entry; and brought law enforcement actions against branded drug companies alleging improper efforts to delay generic entry. The Commission also recently announced a settlement with Bristol-Myers Squibb concerning alleged abuses of the Hatch-Waxman process to obstruct the entry of generic competition for two anti-cancer drugs and an anti-anxiety agent.

The FTC also has been active in protecting consumers from anticompetitive conduct that may raise the price of oil and gas. This year, the FTC filed a complaint alleging that Unocal improperly manipulated the process through which California set regulations for the formulation of low-emissions gasoline. We also began a project that monitors

wholesale and retail prices of gasoline in approximately 360 cities across the U.S. in an effort to identify possible anticompetitive activities.

This year, we are making several recommendations for legislative changes. We would be happy to work with the Subcommittee staff on these recommendations.

First, Commissioner Thompson will provide an overview of the Commission's recommendations to improve cross-border fraud enforcement. These proposals also are critical to the FTC fight against deceptive spam, since spammers often send their messages from anywhere in the world to anyone in the world.

Second, Commissioner Swindle will discuss the agency's recommendations to enhance the FTC's effectiveness in fighting fraudulent spam. These proposals would improve our ability to investigate and sue possible spam targets.

Third, Commissioner Leary will discuss our recommendation to eliminate the FTC Act's exemption for communications common carriers.