

United States of America FEDERAL TRADE COMMISSION 600 Pennsylvania Avenue, NW Washington, DC 20580

Commissioner Christine S. Wilson

March 2, 2023

The Honorable Joseph R. Biden, Jr. President of the United States The White House 1600 Pennsylvania Avenue, N.W. Washington, DC 20500

Dear Mr. President,

I write to inform you that I will resign from my position as Commissioner of the Federal Trade Commission on March 31, 2023.

I am serving my third tour of duty at the agency; I worked in the FTC's Bureau of Competition when I was in law school and served as Chief of Staff to FTC Chairman Tim Muris under President George W. Bush. These periods of service have imbued me with a deep and abiding respect for both the institution and its dedicated personnel. During my confirmation hearing, I characterized the FTC as "the little engine that could" because it improves the lives of Americans in countless ways, despite its relatively small size and limited resources. Serving as Commissioner has been the highest honor of my professional career.

During your campaign, you promised a "return to normalcy" and an end to "the divisiveness of the Trump years." I hoped these promises would mean a halt to the creeping politicization of the FTC, which long has enjoyed bipartisan support in Congress and collegial relationships among Commissioners.

Your decision to select Commissioner Rebecca Slaughter as Acting Chair in January 2021 was a welcome down payment on your promise of ending divisiveness. Acting Chair Slaughter operated in keeping with the best traditions of the agency — transparency, robust lines of communication with all Commissioners, constructive debate on policy issues, and respect for the agency's experienced and knowledgeable staff. The Commission is at its best when its actions reflect the unique experiences and perspectives of its five Commissioners and the skills and

insights of its dedicated personnel. But this "return to normalcy" for the agency came to an abrupt halt when Chair Lina Khan arrived in June 2021.

I agree with the admonition you gave your appointees on Inauguration Day: "Everybody is entitled to be treated with decency and dignity." Unfortunately, Chair Khan has not acted in keeping with this sentiment. Under her leadership, knowledgeable career staff have been scorned and sidelined. Most notably, early in her tenure, a gag order was imposed on staff that prevented them from engaging in consumer and business education — a vote of no confidence in our staff and a disservice to those we serve.

Each year, several hundred FTC employees take the Federal Employee Viewpoint Survey. For more than a decade, under the leadership of both Republicans and Democrats, the results of the FEV Survey have confirmed the excellence of the FTC: it ranked in the top five mid-sized federal agencies between 2010 and 2017, and ranked either first or second between 2018 and 2020. Since Chair Khan's arrival, however, the agency's rankings have plummeted. To the sorrow and dismay of current and former FTC employees and political appointees on both sides of the aisle, the FTC has gone from first to worst.

- In 2020, 87% of responding FTC employees agreed that senior leaders maintain high standards of honesty and integrity; that number fell to 53% in 2021 and declined further to 49% in 2022. Among all surveyed federal agencies, the FTC plummeted from best in 2020 to worst in 2021.
- In 2020, 83% of surveyed FTC employees agreed that they have a high level of respect for the FTC's senior leaders; in 2021 and 2022, only 49% and 44% of employees, respectively, still agreed. Here too, the FTC fell from best in 2020 to worst in 2021 among surveyed agencies.
- In 2020, 80% of FTC respondents agreed that senior leaders generate high levels of motivation and commitment in the workforce; agreement with this statement dropped to 42% in 2021 and then to 36% in 2022. The agency dropped from highest among surveyed agencies in 2020 to second-lowest in 2021, and ranked last in 2022.

Rampant dissatisfaction among staff has led to the departures of many experienced personnel, causing a notable "brain drain." Longtime FTC employees cannot remember a similar exodus at any point in the last 30 years.

Another notable trend pertains to the significant declines in both competition and consumer protection enforcement under Chair Khan.¹ This decline cannot be attributed to our seasoned staff, who are as dedicated and productive as ever.

In 2020, the final calendar year under President Donald Trump, Chairman Joseph J. Simons led the FTC. Merger enforcement was at a two-decade high, boasting 31 actions against mergers

¹ The enforcement statistics have been compiled using FTC data, the FTC website, and external analyses. Every effort has been made to present comprehensive and accurate data. If these data underrepresent enforcement by one, or three, or even five cases, the trend remains stark.

(including challenges, consents, and abandonments). In 2021, the FTC took only 15 actions against mergers — despite the highest levels of pre-merger notification filings in more than 20 years. The number of merger enforcement actions increased only slightly, to 17, in 2022 — still well short of Chairman Simons' 31 actions in 2020.

On the consumer protection side, enforcement numbers also have declined. In 2020, under Chairman Simons, the FTC brought 79 consumer protection actions. But in 2021, that number declined by more than half, to 32. And in 2022, this number increased to 46 — again, still well short of Chairman Simons' 79 actions in 2020. As the FTC held its fire, fraudsters doubled down: in 2022, consumers reported losing nearly \$8.8 billion to fraud, an increase of more than 30 percent from the previous year.²

The quality of an agency does not depend solely, or even primarily, on the number of law enforcement cases that it brings. For example, the mere fact that a case is brought does not convey information about the soundness of its legal foundation or the extent to which it advances the law. And the FTC has a long history of undertaking non-enforcement workstreams that advance sound policy. But such a significant drop in enforcement levels does convey some information about the health of the agency.

In 2018, when I was sworn in as Commissioner, it felt like coming home after a long journey abroad. But now, I barely recognize the FTC. It pains me to observe the tarnishing of its reputation, the diminution of its efficacy, and the exodus of its experienced personnel, many of whom agree with the policy goals of Ms. Khan and your administration.

For the sake of the American people, Mr. President, I wish you success during the remainder of your tenure. And I implore you to closely examine developments at the FTC to ensure that your vision of a "return to normalcy" is being implemented with care.

All best wishes,

Christine S. Wilson Commissioner, U.S. Federal Trade Commission

cc: Katherine Petrelius Deputy Director, Office of Presidential Personnel

² Press Release, Fed. Trade Comm'n., New FTC Data Show Consumers Reported Losing Nearly \$8.8 Billion to Scams in 2022 (Feb. 23, 2023), https://www.ftc.gov/news-events/news/press-releases/2023/02/new-ftc-data-show-consumers-reported-losing-nearly-88-billion-scams-2022.