



Congressman José E. Serrano

Chairman, House Appropriations Subcommittee on Financial Services and General Government

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Opening Statement of Chairman José E. Serrano Financial Services and General Government Subcommittee Hearing on the Federal Trade Commission March 31, 2009

Today we'll be hearing from Jon Leibowitz, the new Chairman of the Federal Trade Commission.

The FTC has all sorts of interesting and important responsibilities, ranging from reviewing mergers and enforcing antitrust laws, to operating the national "Do Not Call" registry that shields us from telemarketers, to preventing deceptive practices in advertising, to name just a few.

Today, though, we've asked Chairman Leibowitz to focus on a particular set of FTC responsibilities: protecting consumers of financial services—a group that includes just about all of us.

Unfortunately, consumer protection in financial services is a very timely topic. We're in the midst of a financial crisis, a crisis which can be traced in part to an explosion of questionable mortgage lending practices. The end result is that our financial system is now facing piles of "toxic" mortgage-related securities while millions of homeowners are facing the prospect of foreclosure and loss of their homes.

The Federal Trade Commission has regulatory responsibility for part of the mortgage industry—the part not run by banks or other depository institutions. Thus, the Commission has jurisdiction over mortgage brokers and other nonbank lenders and servicers of mortgages, and these have been a growing—and problematic—force in mortgage lending.

The Commission has taken enforcement action against some mortgage lenders engaged in unfair or deceptive practices. It has also done valuable public education work. But the problem of reckless and predatory lending seems to have pretty

much continued unabated until the whole thing finally came crashing down last year.

Now that hard times are spreading, other aspects of the FTC's consumer protection role are becoming critically important. The Commission has the job of helping to protect the public from schemes that feed off financial misery—from “foreclosure rescue” scams that leave the homeowner in an even worse position than before, or “debt settlement” and “credit repair” services that take badly needed cash and deliver little or nothing in return, or abusive and illegal debt collection tactics. At today's hearing we'd like to hear about the Commission's role in dealing with these sorts of problems—what has worked well in the past, what hasn't worked so well, and what are your plans and priorities going forward.

I should also note that this subcommittee, working with our Senate counterparts, has recently taken action to strengthen the FTC's enforcement powers. Our part of the Omnibus Appropriations Act which was just signed into law provides the Commission with some new authorities in the area of mortgage lending, including new rulemaking authority and expanded powers to seek monetary penalties against wrongdoers. The legislation also confers new powers on state attorneys general to bring suit to enforce mortgage lending standards set by the FTC and other federal agencies. We'd be interested in hearing about how the FTC plans to make use of these new authorities.

Our witness, Jon Leibowitz, has been a member of the Federal Trade Commission since 2004. He was elevated to the chairmanship by President Obama on March 2. Mr. Leibowitz has previously served in a number of staff positions with the United States Senate, including as staff director for the Subcommittee on Antitrust and as chief counsel to Senator Herb Kohl. He is a graduate of the University of Wisconsin and New York University School of Law.

Welcome to our subcommittee, Mr. Leibowitz, and congratulations on your appointment as Chairman of the FTC.

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Congressman José E. Serrano has represented the Bronx in Congress since 1990. He is the Chairman of the House Appropriations Subcommittee on Financial Services and General Government.