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**Statement by the Honorable Bobby L. Rush, Chairman
Subcommittee on Commerce, Trade and Consumer Protection
for Hearing on
Consumer Credit and Debt: The Role of the
Federal Trade Commission in Protecting the Public**

March 24, 2009

WASHINGTON, DC — “The Subcommittee will come to order. Three weeks ago, the Subcommittee on Commerce, Trade, and Consumer Protection held a hearing on abusive credit practices in the used-car industry. Today, I want to expand our inquiry into the world of consumer credit and debt in general. For the past decade if not longer, American consumers, particularly low-income Americans, have been swimming in shark-infested waters. Whether it is sub-prime mortgages, auto loans, or pay-day loans, too many companies have had a free reign to saddle Americans with debts they simply cannot afford. They sold their snake oil by taking advantage of circumstances people faced, or with outright deception. Unfortunately, there wasn’t a strong enforcement or regulatory authority at the federal level protecting consumers from these abusive practices. The result has been a wrecked economy and wrecked lives.

“The purpose of today’s hearing is twofold. First, I want us to determine what action the Federal Trade Commission has taken in cracking down on abusive credit practices. The Commission has broad authority under the FTC Act to enforce against “unfair or deceptive acts or practices.” How was this broad authority exercised? If the Commission took insufficient action in the past, why was that the case? Was it political will or because the Commission lacks sufficient statutory authority and resources?

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“Second, in this hearing I want members of the subcommittee to deliberate on reforms that Congress can initiate to make the FTC as effective as possible in protecting consumers from abusive credit and debt practices in the marketplace. I am working on legislation that will better equip the Commission to aggressively address abusive lending practices. How can we use the Commission’s historical authority to prohibit and enforce against “unfair or deceptive acts or practices” to our advantage? I believe the FTC is America’s foremost consumer protection agency; and we need to take advantage of its historical authority by enhancing the Commission’s underlying regulatory and enforcement powers. Does the Commission need more resources? Should the Commission be given regular rulemaking authority under the Administrative Procedures Act to replace its current, burdensome rulemaking process under the Magnusson-Moss Act? Should the Commission be given additional civil penalty authority? If the FTC has one hand tied behind its back, then should we untie it? And if so, how can we be assured that the Commission will aggressively utilize these tools to protect consumers to the fullest extent? Today, I want to begin to explore how the FTC can be equipped to adequately deal with not only today’s abusive practices, such as sub-prime mortgages and pay-day loans, but also tomorrow’s unforeseen snake-oil that will be sold to consumers in the future.

“With that, I want to congratulate and welcome the new Chairman of the Federal Trade Commission, Jon Leibowitz, and I hope this hearing will be the first in a series of constructive hearings involving the FTC. As Chairman of this subcommittee, I want to have a constructive relationship with Chairman Leibowitz and the Commission to ensure that both Congress and the FTC are doing everything we can to protect American consumers, particularly poor American consumers, from the unfair, deceptive, and abusive practices that are far too prevalent in our economy.

“With that, I yield back the balance of my time.”

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