

COMBATING PANDEMIC SCAMS ACT OF 2020

NOVEMBER 16, 2020.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PALLONE, from the Committee on Energy and Commerce, submitted the following

R E P O R T

[To accompany H.R. 6435]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 6435) to direct the Federal Trade Commission to develop and disseminate information to the public about scams related to COVID-19, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

CONTENTS

	Page
I. Purpose and Summary .....	1
II. Background and Need for the Legislation .....	2
III. Committee Hearings .....	2
IV. Committee Consideration .....	3
V. Committee Votes .....	3
VI. Oversight Findings .....	3
VII. New Budget Authority, Entitlement Authority, and Tax Expenditures .....	4
VIII. Federal Mandates Statement .....	4
IX. Statement of General Performance Goals and Objectives .....	4
X. Duplication of Federal Programs .....	4
XI. Committee Cost Estimate .....	4
XII. Earmarks, Limited Tax Benefits, and Limited Tariff Benefits .....	4
XIII. Advisory Committee Statement .....	4
XIV. Applicability to Legislative Branch .....	4
XV. Section-by-Section Analysis of the Legislation .....	5
XVI. Changes in Existing Law Made by the Bill, as Reported .....	5

I. PURPOSE AND SUMMARY

H.R. 6435, the “Combating Pandemic Scams Act of 2020”, was introduced by Representatives Earl L. “Buddy” Carter (R-GA), Richard Hudson (R-NC), Ann M. Kuster (D-NH), and Lisa Blunt Rochester (D-DE). H.R. 6435 aims to protect Americans, especially senior citizens and people with infirmities and disabilities, from decep-

tive and fraudulent scams while the United States continues to face the current coronavirus disease 2019 (COVID-19) pandemic. Specifically, H.R. 6435 directs the Federal Trade Commission (FTC) to develop and disseminate information to the public about scams related to COVID-19. H.R. 6435 also requires the FTC, in consultation with the Attorney General and Secretary of Health and Human Services, among other relevant agencies, to establish a comprehensive national database to track all instances of scams relating to COVID-19.

## II. BACKGROUND AND NEED FOR LEGISLATION

While the 21st century has provided countless Americans with opportunities for economic and personal growth, technological advances have also expanded the ways for deceptive and malicious actors to target and scam U.S. citizens. Scammers have also been known to exploit consumer fear and confusion during national emergencies or other crises. During the COVID-19 pandemic, malicious actors have repeatedly tried to steal stimulus checks,<sup>1</sup> trick senior citizens into buying fraudulent COVID-19 treatments and vaccines,<sup>2</sup> and dupe small businesses into fraudulent financial arrangements during times of social distancing.<sup>3</sup>

Although the FTC has communicated instances of such scams, the COVID-19 pandemic has intensified the need to improve efforts to disseminate information of targeted scams in a timely manner. The FTC must proactively and adequately notify Americans, especially vulnerable populations outlined in the legislation, of malicious scamming efforts, how to ward against them, and how to report them to the appropriate agency.

H.R. 6435 aims to provide Americans with such information on these efforts, including tools to pick up on warning signs, by disseminating information and making that information publicly available to all Americans. Through the various hearings and meetings with stakeholders on this issue, it is clear that a comprehensive database of information created by H.R. 6435 will protect Americans from malicious scammers.

## III. COMMITTEE HEARINGS

For the purposes of section 103(i) of H. Res. 6 of the 116th Congress, the following hearings were used to develop or consider H.R. 6435:

The Subcommittee on Consumer Protection and Commerce held an oversight hearing on May 8, 2019. The hearing was entitled, “Oversight of the Federal Trade Commission: Strengthening Protections for Americans” Privacy and Data Security.” The Subcommittee received testimony from the following witnesses:

- The Honorable Joseph J. Simons, Chairman, Federal Trade Commission
- The Honorable Noah Joshua Phillips, Commissioner, Federal Trade Commission

<sup>1</sup>Federal Trade Commission, *Coronavirus Stimulus Payment Scams: What You Need to Know* (Apr. 20, 2020) ([www.consumer.ftc.gov/blog/2020/04/coronavirus-stimulus-payment-scams-what-you-need-know](http://www.consumer.ftc.gov/blog/2020/04/coronavirus-stimulus-payment-scams-what-you-need-know)).

<sup>2</sup>Federal Trade Commission, *Cracking Down on Fake COVID-19 Cures* (July 31, 2020) ([www.consumer.ftc.gov/blog/2020/07/cracking-down-fake-covid-19-cures](http://www.consumer.ftc.gov/blog/2020/07/cracking-down-fake-covid-19-cures)).

<sup>3</sup>Federal Trade Commission, *Fraudulent Funders = Big Woes for Small Businesses* (June 10, 2020) ([www.consumer.ftc.gov/blog/2020/06/fraudulent-funders-big-woes-small-businesses](http://www.consumer.ftc.gov/blog/2020/06/fraudulent-funders-big-woes-small-businesses)).

- The Honorable Rohit Chopra, Commissioner, Federal Trade Commission
- The Honorable Rebecca Kelly Slaughter, Commissioner, Federal Trade Commission
- The Honorable Christine S. Wilson, Commissioner, Federal Trade Commission

The Subcommittee on Consumer Protection and Commerce held an oversight hearing on July 9, 2020. The hearing was entitled, “Consumers Beware: Increased Risks During the COVID–19 Pandemic.” The Subcommittee received testimony from the following witnesses:

- Kevin Anderson, Senior Deputy Attorney General, Director Consumer Protection Division, North Carolina Department of Justice
- Sally Greenberg, Executive Director, National Consumers League
- Thomas Quaadman, Executive Vice President, Center for Capital Markets Competitiveness, Chamber Technology Engagement Center Global Innovation Policy Center, U.S. Chamber of Commerce

#### IV. COMMITTEE CONSIDERATION

Representatives Carter (R–GA), Hudson, Kuster, and Blunt Rochester introduced H.R. 6435 on April 3, 2020, and the bill was referred to the Committee on Energy and Commerce. H.R. 6435 was then referred to the Subcommittee on Consumer Protection and Commerce on April 4, 2020. The Subcommittee held oversight hearings related to this bill prior and after the bill was introduced.

On September 9, 2020, H.R. 6435 was discharged from further consideration by the Subcommittee on Consumer Protection and Commerce as it was called up for consideration by the full Committee on Energy and Commerce. The full Committee met in virtual open markup session on September 9, 2020, pursuant to notice, to consider H.R. 6435 and thirty-seven other bills. No amendments were offered during consideration of the bill. Upon conclusion of consideration of the bill, the full Committee agreed to a motion on final passage offered by Mr. Pallone, Chairman of the committee, to order H.R. 6435 reported favorably to the House, without amendment, by a voice vote, a quorum being present.

#### V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list each record vote on the motion to report legislation and amendments thereto. The Committee advises that there were no record votes taken on H.R. 6435, including the motion for final passage of the bill.

#### VI. OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee’s oversight findings and recommendations are reflected in the descriptive portion of the report.

VII. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

The Committee has requested but not received from the Director of the Congressional Budget Office a statement as to whether this bill contains any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

VIII. FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

IX. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the general performance goal or objective of this legislation is to protect the public from scams related to COVID-19 by developing and disseminating information.

X. DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII, no provision of H.R. 6435 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

XI. COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(1) of rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

XII. EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

Pursuant to clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that H.R. 6435 contains no earmarks, limited tax benefits, or limited tariff benefits.

XIII. ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XIV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

## XV. SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Short title*

Section 1 designates that the short title may be cited as the “Combating Pandemic Scams Act of 2020”.

*Sec. 2. Information about scams related to COVID-19*

Subsection (a) requires the FTC, as expeditiously as possible and in consultation with relevant agencies, to develop and disseminate information to the public about scams related to COVID-19. Subsection (b) requires the FTC, in consultation with relevant agencies, to establish a comprehensive national database to track all instances of scams relating to COVID-19.

## XVI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

There are no changes to existing law made by the bill H.R. 6435.

