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April 28, 2022

The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, D.C. 20580

Dear Chair Khan:

I write to express my concern that large corporations, particularly those in consolidated industries, appear to be taking advantage of inflation to pad their profits at the expense of American consumers. As the federal agency tasked with protecting consumers, the Federal Trade Commission (FTC) has a powerful tool already at its disposal: the ReportFraud.ftc.gov hotline. I encourage you to ensure consumers are aware they can report inflation-related price gouging at this hotline, and to examine how best to share those reports with the state enforcement agencies responsible for targeting corporate profiteers.

The Biden Administration deserves recognition for its tremendous efforts to get the U.S. economy back on track after the COVID-19 recession. Fueled by the American Rescue Plan, which Congressional Democrats passed into law in March 2021, the Administration's actions have provided critical and sustainable economic assistance for workers, businesses, and families harmed by the economic uncertainty brought about by the virus. As a result, the U.S. economy has experienced a record-breaking rebound. In President Biden's first 11 months in office alone, businesses have added over six million new jobs – the most in a calendar year under any U.S. president in recorded history.

Unfortunately, recent inflation is driving up prices and depriving the American people of the full benefits of these economic gains. There are many reasons for the increase in inflation, from ongoing pandemic-related disruptions, to imbalances between supply and demand for goods and services, to the global shock caused by the Russian invasion of Ukraine.

I am particularly concerned by allegations that large corporations in consolidated industries are not only benefiting from the inflation, but, in many cases, contributing to it. For example, the *Financial Times* revealed plans from two automobile manufacturers to keep prices high by arbitrarily limiting the volume of car shipments even after current semiconductor shortages subside. Similarly, as *The New York Times* reported, meat processing conglomerates have prospered – with gross margins that are up 50 percent, net margins that are up 300 percent, and billions of dollars in new dividends and stock buybacks – while the farmers and ranchers who supply the meat saw no such gains. These anecdotes are not outliers, nor are they unique to certain industries. U.S. Department of Commerce data shows corporate profit margins are

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surging across the board, higher than they've been for the better part of the last century. While American families are reeling from price increases, profits for the companies setting those prices are skyrocketing.

The U.S. Government is responsible for protecting American consumers and small businesses against such corporate profiteering, particularly in consolidated industries in which there is little or no consumer choice. As the only federal agency with broad jurisdiction over both consumer protection and competition, the FTC can – and should – play an important role in policing these anti-competitive and anti-consumer practices on behalf of the American people. Fortunately, the FTC's existing consumer complaint hotline, ReportFraud.ftc.gov, already provides a way for consumers to alert officials to a broad range of harmful practices on the part of corporations.

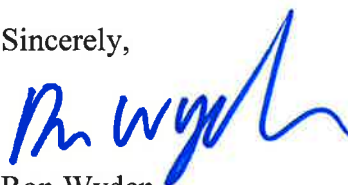
For consumers to realize the full benefits of this hotline, they must first know that it exists and they must also know how to access it. To that end, I urge you to take steps to ensure consumers are aware of ReportFraud.ftc.gov, and know that they can use it to report anything they suspect might be a fraud, scam, or otherwise bad business practice. They should also know these reports can be filed online, on the phone at 877-382-4358, or via traditional mail.

Moreover, while ReportFraud.ftc.gov already establishes a crucial link between consumers and law enforcement, more can be done to ensure enforcement agencies are aware of consumers' reports of fraud. Under the current system, every consumer report is collected into one single database, which federal, state, and local law enforcement partners across the country can use to investigate and bring cases. This structure means that law enforcement officials must comb through millions of complaints in order to even identify potential cases, creating a significant obstacle for the state attorneys general who prosecute the majority of price gouging claims. To that end, I ask that you examine how the FTC can improve internal processes to ensure relevant state attorneys general are aware of price-gouging reports submitted by their constituents, including whether more funding or staff are needed.

I know you share my goal of protecting consumers from corporate profiteering, and I applaud you for the critical steps you have already taken to that end. It is my hope that, under your leadership, the FTC's ReportFraud.ftc.gov hotline can become an even more valuable resource to hold large conglomerates accountable when they exploit American consumers.

I appreciate your attention to this important matter, and I stand ready to assist as needed.

Sincerely,



Ron Wyden
United States Senator