

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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Opening Statement

Ranking Member Gerald Connolly

Hearing on “The Federal Trade Commission’s Enforcement of Operation Choke Point-Related Businesses”

July 26, 2018

Two days ago, during a full committee hearing on election security in this very room, I made a motion for the Oversight and Government Reform Committee to subpoena the Office of the Director of National Intelligence (ODNI) to inform the Committee and the public about the extent of the Russian threat to our country. My subpoena was tabled in a 17-15 vote.

This morning, two Oversight and Government Reform subcommittees are teaming up to discuss the urgent topic of Operation Choke Point – a program that no longer exists and a program that the full committee conducted extensive oversight of four years and two chairmen ago.

What is the urgent need for *this* hearing when this Administration is struggling to reunite children that have been separated from their parents at the border? When the deaths of 4,600 U.S. citizens have been attributed to Hurricane Maria and the federal government’s inadequate response to the storm? When the Secretary of Commerce misled this committee on why a divisive question on citizenship was hastily added to the 2020 Census? When a Member of the full Committee wrote in an Op-Ed in the *New York Times* that the President of the United States is being manipulated by Vladimir Putin?

What could possibly be the reason for this hearing?

Congress conducted lengthy oversight of Operation Chokepoint in 2013 and 2014. Congressional Republicans alleged that the Department of Justice (DOJ) and the Federal Deposit Insurance Corporation (FDIC) intentionally conspired to mislead Congress about their partnership, and inappropriately targeted a list of “high-risk” merchants and industries to conduct Operation Choke Point. The Committees on Financial Services and Judiciary held oversight hearings. The Oversight and Government Reform Committee conducted an investigation under then-Chairman Darrel Issa that produced two staff reports.

Republicans got what they wanted. The two principal agencies involved in Choke Point, the DOJ and FDIC ended their work on the Operation. The FDIC ended its involvement in Operation Choke Point in January 2015. The DOJ issued a letter to the Chairman of the House Judiciary Committee in August 2017 that stated:

“all the Department’s bank investigations conducted as part of Operation Choke Point are now over, the initiative is no longer in effect, and it will not be undertaken again.”

Yet here we are, questioning the Federal Trade Commission (FTC), an agency that played no role in Operation Choke Point whatsoever. We are here because the FTC has a broad mandate to protect consumers from unfair, deceptive, or fraudulent practices in the marketplace. Some of have concluded that this must mean a continuation of Operation Choke Point. That cannot be further from the truth. As part of its work to protect consumers, the FTC works to stop payment fraud, including taking action against payment processors that knowingly or recklessly facilitate fraud.

The FTC’s cases against payment processors goes back two decades and is not related to Operation Choke Point, which started much later and no longer exists. Enforcement action against payment processors who knowingly participate in fraudulent schemes or willfully ignore signs of illegal activity has historically received bipartisan support. These schemes often prey on vulnerable populations such as senior citizens or immigrants with limited English language skills. According to a survey by TrueLink, a company that provides account monitoring software for elders and their families, financial elder abuse costs families more than \$36 billion a year, of which \$17 billion is linked to exploitation and scams such as work-from-home schemes, misleading financial advice, or reverse mortgages.

I can’t speak for my colleagues, but I have to say, we ought to be having hearings about some of the pressing issues of the day. We can start with the list of subpoena requests the Democrats have submitted to the full committee. That would be the work worthy of our enterprise.

I thank our witnesses for sharing their testimony today, and I look forward to continuing this important discussion.

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