



Office of the Chair

UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

**Statement of Chair Lina M. Khan
Joined by Commissioner Rebecca Kelly Slaughter
and Commissioner Alvaro M. Bedoya
Regarding the FTC State Collaboration Act
Request for Information
Commission File No. P238400**

June 6, 2023

The FTC Collaboration Act of 2021 directs the FTC to examine how we can improve collaboration with state attorneys general to prevent, publicize, and penalize fraudulent business practices. As we undertake this inquiry, we are issuing a Request for Information to gather public input.

State regulators and attorneys general play an essential role in protecting Americans from unlawful business practices. For decades they have initiated key lawsuits and filled in regulatory gaps, often paving the way for broader federal efforts. State governments have also trailblazed a variety of important consumer protection laws—from banning certain uses of facial recognition technologies to protecting Americans’ right to repair their products.

Unfortunately, federal agencies at times have sought to block consumer protection efforts by states. For example, in the leadup to the subprime mortgage crisis in 2007, some federal regulators sought to cripple states’ oversight function by wiping out their anti-predatory lending laws.¹ States still took action against non-bank subprime lenders, protecting the public at a time when federal actors were slow to mobilize.²

The FTC is committed to working closely with state partners to maximize our collective efficacy in combatting unlawful business practices and protecting Americans. States bring to cases not only an important set of remedial tools, but also more direct visibility into business practices that are harming their citizens.

Led by our regional offices, the FTC has a long history of collaborating with state enforcers. Over the last year alone, for example, we have partnered with states to bring:

- our largest-ever fair lending action against a multistate auto dealer;³

¹ WookBai Kim, *Challenging the Roots of the Subprime Mortgage Crisis: The OCC’s Operating Subsidiaries Regulations and Waters v. Wachovia Bank*, 21 LOY. CONSUMER L. REV. 278 (2009).

² Press Release, State of Conn. Dep’t of Banking, Ameriquest to Pay \$325 Million for Predatory Lending Practices that Bilked Consumers (Jan. 23, 2006), [https://portal.ct.gov/DOB/Newsroom/2006/Ameriquest-to-Pay-\\$325-Million-in-Nationwide-Settlement](https://portal.ct.gov/DOB/Newsroom/2006/Ameriquest-to-Pay-$325-Million-in-Nationwide-Settlement).

³ Press Release, Fed. Trade Comm’n, FTC Takes Action Against Multistate Auto Dealer Napleton for Sneaking Illegal Junk Fees onto Bills and Discriminating Against Black Consumers (Apr. 1, 2022), <https://www.ftc.gov/news->

- our first action under the Military Lending Act;⁴
- a major action against Google for airing deceptive ads;⁵
- an action against pesticide giants who used illegal pay-to-block schemes to inflate farmers’ costs;⁶ and
- our first-ever lawsuit with California’s Division of Financial Protection and Innovation to shut down a mortgage relief operation that preyed on struggling homeowners.⁷

In addition to filing these joint lawsuits, the FTC has supported states against efforts to undermine their consumer protection authorities. For example, we recently filed an amicus brief refuting Google’s argument that all state-law claims involving children’s online privacy are nullified because they are “inconsistent” with the Children’s Online Privacy Protection Act (COPPA), a federal privacy law.⁸ Last year we filed an amicus brief explaining that companies cannot use the FTC’s Franchise Rule to circumvent state-level labor protections.⁹ We have also supported efforts to strengthen state-level consumer protections. For example, FTC staff recently testified before a California State Senate committee in support of legislation that would expressly grant people a right to repair several types of consumer products.¹⁰

Many thanks to the FTC team who crafted this RFI.¹¹ I look forward to receiving and reviewing public comments on how we can deepen our partnership with state enforcers to protect Americans from fraudulent business practices.

[events/news/press-releases/2022/04/ftc-takes-action-against-multistate-auto-dealer-napleton-sneaking-illegal-junk-fees-bills](https://www.ftc.gov/news-events/news/press-releases/2022/04/ftc-takes-action-against-multistate-auto-dealer-napleton-sneaking-illegal-junk-fees-bills).

⁴ Press Release, Fed. Trade Comm’n, FTC and 18 States Sue to Stop Harris Jewelry from Cheating Military Families with Illegal Financing and Sales Tactics (July 20, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/07/ftc-18-states-sue-stop-harris-jewelry-cheating-military-families-illegal-financing-sales-tactics>.

⁵ Press Release, Fed. Trade Comm’n, FTC, States Sue Google and iHeartMedia for Deceptive Ads Promoting the Pixel 4 Smartphone (Nov. 28, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/11/ftc-states-sue-google-iheartmedia-deceptive-ads-promoting-pixel-4-smartphone>.

⁶ Press Release, Fed. Trade Comm’n, FTC and State Partners Sue Pesticide Giants Syngenta and Corteva for Using Illegal Pay-to-Block Scheme to Inflate Prices for Farmers (Sept. 29, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/09/ftc-state-partners-sue-pesticide-giants-syngenta-corteva-using-illegal-pay-block-scheme-inflate>.

⁷ Press Release, Fed. Trade Comm’n, Federal Trade Commission, California Take Action To Shut Down Mortgage Relief Operation that Preyed on Struggling Homeowners (Sept. 19, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/09/federal-trade-commission-california-take-action-shut-down-mortgage-relief-operation-preyed>.

⁸ Press Release, Fed. Trade Comm’n, FTC Files Brief in Jones v. Google in Support of Appeals Court Ruling that COPPA Does Not Preempt Plaintiffs’ State Privacy Claims (May 22, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/05/ftc-files-brief-jones-v-google-support-appeals-court-ruling-coppa-does-not-preempt-plaintiffs-state>.

⁹ Press Release, Fed. Trade Comm’n, FTC Files Amicus Brief in Patel, v. 7-Eleven, Inc. (Dec. 6, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/12/ftc-files-amicus-brief-patel-v-7-eleven-inc>.

¹⁰ Press Release, Fed. Trade Comm’n, FTC Testifies Before California State Senate on Right to Repair (Apr. 11, 2023), <https://www.ftc.gov/news-events/news/press-releases/2023/04/ftc-testifies-california-state-senate-right-repair>.

¹¹ In particular, I am grateful to Maricela Segura, Faye Barnouw, Robert Quigley, and Miles Freeman in the Western Region Los Angeles Office, as well as Dotan Weinman and Lois Greisman in the Division of Marketing Practices.