

**Prepared Oral Statement of
Commissioner Noah Joshua Phillips
Before the
Committee on Energy and Commerce
Subcommittee on Digital Commerce and Consumer Protection
July 18, 2018**

Chairman Latta, Ranking Member Schakowsky, distinguished members of the Subcommittee, thank you for the opportunity to appear before you today. I'm honored to be here with my fellow commissioners and, from our testimony, I hope you've seen the important work that the FTC and its talented staff do on behalf of American consumers.

Our economy is increasingly globalized, digitized, and connected. These changes generate incredible opportunity, but also pose new problems for American consumers, such as traditional scams that now thrive online and new, Internet-enabled, frauds. They also raise law enforcement challenges, like the enhanced ability of scammers to act anonymously or move ill-gotten gains outside our jurisdiction; and roadblocks to international law enforcement cooperation.

Congress has been an essential ally in this fight. In 2006, it passed the U.S. SAFE WEB Act.¹ SAFE WEB allows the FTC to share evidence with and provide investigative assistance to foreign authorities in cases involving issues including spam, spyware, privacy violations and data breach. It also confirms our authority to challenge foreign-based frauds that harm U.S. consumers or involve material conduct in the United States.

Using SAFE WEB, the FTC has worked with authorities abroad to stop illegal conduct and secure millions in judgements from fraudsters, sometimes even criminal convictions. The FTC uses SAFE WEB authority in important international privacy cases. We collaborated with Canadian and Australian privacy authorities on the massive data breach of the Toronto-based, adult dating website AshleyMadison.com, and we worked again with Canadian authorities on the FTC's first children's privacy and security case involving connected toys, a settlement with electronic toy manufacturer VTech Electronics under the Children's Online Privacy Protection Act.

¹ Undertaking Spam, Spyware, And Fraud Enforcement With Enforcers beyond Borders Act of 2006.

In total, the FTC has responded to more than 125 SAFE WEB information-sharing requests from 30 foreign enforcement agencies. We have issued more than 110 civil investigative demands in more than 50 investigations on behalf of foreign agencies, civil and criminal. The FTC has collected millions of dollars in restitution for injured consumers, both foreign and domestic.

SAFE WEB helps protect Americans by policing and instilling confidence in the digital economy, but it sunsets in 2020. The Commission respectfully requests that Congress reauthorize this authority and eliminate the sunset provision.

Our international efforts support American business leadership in the global, digital economy by enabling transatlantic data flows and protecting privacy. The FTC works with the Department of Commerce on three key cross-border data transfer programs, including the EU-U.S. Privacy Shield.² Privacy Shield provides a legal mechanism for companies to transfer personal data from the EU to the U.S., with

² The other two are the Swiss-U.S. Privacy Shield, and the Asia-Pacific Economic Cooperation Cross-Border Privacy Rules (CPBR) System. Before Privacy Shield came into effect, the Commission enforced the predecessor EU-U.S. “Safe Harbor” agreement.

strong privacy protections, and the FTC enforces these companies' Privacy Shield promises under Section 5 of the FTC Act.

We are committed to the success of Privacy Shield and the other cross-border data transfer mechanisms. We have brought nearly 50 actions to enforce them, including four under the new Privacy Shield, one announced just two weeks ago. Privacy Shield is an important mechanism for encouraging commerce and protecting privacy, enforcement of it is and will remain a priority for the agency.

Thank you for your time and attention; I look forward to answering any questions you may have.