

Senator Bob Menendez
Opening Statement

Thank you, Mr. Chairman. I thank you for chairing this important discussion today.

Every year around this time, Americans are in the spirit of buying and giving. As a whole, they spend more, and give more, than any other time of the year. But as they open up their hearts and their wallets, they also open themselves up to the possibility of falling prey to any number of consumer pitfalls. From terms that are hard to understand, print that is difficult to read, deals that sound too good to be true, and promises of money back that doesn't always appear, well-intentioned shoppers can find themselves confused, misled, or worse.

As American consumers continue to spend record amounts on holiday shopping, those trying to make a quick buck will work to stay one step ahead. Some schemes have been around for ages – organizations posing as charities, gift cards that have hidden fees or expiration dates, and optional warranties that are unnecessary are all part of an old theme. But those seeking to prey on unsuspecting consumers are creative, and they usually find a way to reel in their victims. So, as the predators become savvier, so must we.

The same principle that holds for any financial transaction – whether it be buying a car, getting a home loan, or buying your loved ones holiday gifts, it pays to be informed. As we know, education is a pivotal piece to overcoming holiday scam tactics. But we must also work to stay one step ahead so that consumers are not left to fend for themselves. Certainly there are steps we can take so that shoppers are not left to untangle the web of scams on their own.

I think there is more we can do. For starters, I think we can ensure the terms on rebates are fair and reasonable. Consumers should not have to jump through 20 hoops just to get \$50 back. Rebates can be done in a fair and open manner, but too often they become a black hole, where people send their forms, their UPC symbol, and their receipt, only to wait. The FTC has cracked down on the more egregious players, but the fine print keeps getting smaller. At a minimum, consumers deserve to have rebates that are fair and reasonable. I think we need to look at legislation that ensures consumers pay the actual post-rebate price at the register.

I am also concerned about reports on embedded giving, highlighted today in the New York Times. As this method of giving continues to become more popular, I think it deserves our scrutiny. As the report today points out, some charities are not even aware their name is being used to draw consumers, and some never see the proceeds. We must open up this process to ensure that when a consumer thinks they are

giving a donation, the money actually ends up in the hands of the intended recipient.

So I look forward to hearing from today's witnesses on what we can do to prevent unsuspecting consumers from become victims, both by improving awareness, but also by taking preventative steps before consumers have the chance to become victims. This shopping season should be a time when consumers only have to think about how to best spend their money, not how to avoid falling prey to a scam.