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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

November 8, 2001

**By Facsimile: (202)**

The Honorable Timothy J. Muris  
Chairman, Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Chairman Muris:

Today, the Federal Trade Commission (FTC/Commission) is hosting a public workshop on the subject of Office Supply Fraud. I congratulate you on your foresight in recognizing this topic as worthy of FTC's time and resources. During the 106th Congress, as Chairman of the Committee on Small Business (Committee), I held a number of hearings on the subject of various fraud schemes targeting small businesses. Indeed, on March 28, 2000, the Committee held a hearing on the subject of Office Supply Schemes.

During the course of that hearing the Committee learned that office supply scams cost consumers, small businesses and non-profits up to \$250 million a year in fraudulent charges. These costs are absorbed by small businesses.

While the FTC, Department of Justice and some states' Attorneys General continue to be active in prosecuting businesses engaged in deceptive practices, the FTC in response to my April 27, 2000, letter recommended that Congress increase the civil money penalty authority under section 5 of the Federal Trade Commission Act to \$25,000. The Commission noted that while they had been relatively successful in obtaining appropriate penalties in settled cases, they faced challenges in obtaining adequate civil penalties in litigated cases. More specifically, the Commission believed that an increase in civil penalty authority would signal to the public and the courts that Congress supports the Commission's efforts to obtain compliance with Commission orders, rules and statutes.

Unfortunately, businesses and non-profits continue to be defrauded by schemers. Consequently, I am very interested in:

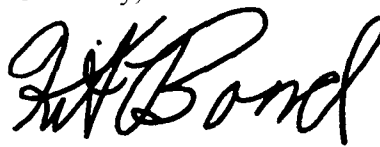
- encouraging the FTC to work closely with the Justice Department, Postal Inspection Service and the FBI ;
- increasing the number of criminal investigations brought against those who prey on, among others, small businesses; and
- revisiting the idea of increasing civil monetary penalties.

We must all agree, that those engaged in fraudulent business practices need to be put out of business, once and for all.

Again, I congratulate the Commission for taking the initiative to host this workshop. I hope that the ideas generated at your workshop will prove helpful in eliminating fraud against small businesses, non-profits and individual consumers. Indeed, I look forward to continuing our productive working relationship.

In closing, enclosed are some copies of the Committee's hearing transcript for distribution at the workshop. Good luck.

Sincerely,

A handwritten signature in black ink that reads "Chris Bond". The signature is written in a cursive, flowing style.

Christopher S. Bond  
Ranking Member