

Committee of the Judiciary
Subcommittee on Technology, Terrorism
and Government Information

United States Senate



The Emergence of Identity Theft as a
Law Enforcement Issue in California

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Good morning, Senator. Thank you for the opportunity to appear today and discuss the Social Security Administration, Office of the Inspector General's continuing fight against Identity Theft. Your interest in the issue has *already* been instrumental in reducing identity theft, and your continuing commitment gives us reason to be optimistic that our ongoing efforts will be even more successful.

As you know, the enactment of the *Identity Theft Assumption and Deterrence Act of 1998*, introduced by your Subcommittee on Technology, Terrorism and Government Information, was the first piece of comprehensive legislation aimed at what is rapidly becoming the most popular and most insidious crime of the new century. In the 2 years since, we've learned that the problem is larger than anyone realized, and that additional legislation must be enacted if law enforcement is to keep pace with identity thieves. Two bills introduced by you and the subcommittee are important steps in the right direction. We look forward to working with you to make Senate Bills 2328 and 2699 important laws in this crusade.

The need for such legislation cannot be understated. The stories of victims of identity theft, such as those that testified here today, are heart-rending. The stories of the perpetrators themselves can be absolutely shocking. Perhaps one of the most enterprising identity thieves we've come across hails from southern California.

Our agents in San Diego were alerted when local law enforcement became suspicious as to the validity of a Social Security number presented by a man they were questioning. Our query of the Social Security Administration's records revealed that the Social Security number was actually assigned to a 70 year-old woman from South Dakota.

Our agents quickly discovered that this man had been a fugitive felon for 17 years, with four prior felony convictions including prison escape. He had created, through the use of

fraudulently obtained or counterfeited identification documents, 33 separate and distinct identities. Some of these were stolen, while others were entirely fictitious. Either way, he was able to use them not only to avoid capture, but to obtain employment as the chief of a fire department, the security chief for a county fair, and other positions of trust. He was also able to commit bank fraud by obtaining credit cards and loans under his assumed identities while receiving Social Security benefits under three of his identities.

This individual was recently the subject of a 14-count grand jury indictment, and further criminal proceedings remain pending. He illustrates the extent to which one individual can both steal and create identities capable of fooling banks, employers, and even government agencies.

While most of our identity theft cases are not this extraordinary, this man's exploits certainly are not isolated occurrences. In California alone, we've opened 42 identity theft investigations since last October, and have obtained 20 convictions. These represent only the most egregious cases-those that we chose to use our limited resources to investigate.

In Fiscal Year 1999, 62,000 of the 75,000 allegations we received involved some form of Social Security number misuse. These numbers led us to launch Social Security number misuse pilot projects in five cities across the nation, in which our agents work jointly with Federal and State law enforcement agencies to target perpetrators of identity crimes and Social Security number misuse. Already, these pilots have achieved an unparalleled success, opening 197 investigations resulting in 61 convictions in the first year.

The ever-increasing number of identity theft incidents has exploded as the Internet has offered new and easier ways for individuals to obtain false identification documents, including Social Security cards. To combat this, we've expanded the scope of these pilots to include the

undercover sale and purchase of Social Security cards over the Internet. This will enable us, for the first time, to determine the scope of Internet trafficking in false identification documents.

As considerable as our efforts have been, much remains to be done. Senate Bills 2328 and 2699 are important steps in that they provide law enforcement with additional tools. I am particularly pleased with the additional Civil Monetary Penalty provisions contained in Senate Bill 2328. Civil Monetary Penalties have proven to be a highly effective tool in the many cases that are not accepted for criminal prosecution or civil action. I am also pleased to see that Senate Bill 2699 recognizes the importance of formally distinguishing between valid and invalid transfers of Social Security number information. While we have some significant concerns with respect to certain enforcement mechanisms in the current draft of the Bill, we stand ready to work with your staff to make both Bills more effective in the war against identity theft.

Congress should take an aggressive approach by providing comprehensive criminal, civil, and administrative sanctions for the sale, purchase, and misuse of Social Security numbers, which are quite often the starting point for identity theft crimes. I thank you for your commitment to doing so, and offer the Inspector General's assistance in reaching our common goal. Thank you.