

September 28, 2004

SCHAKOWSKY STATEMENT ON PROTECTING THE PRIVACY OF CONSUMERS' SOCIAL SECURITY NUMBERS

WASHINGTON, D.C. - Chairman Stearns, thank you for holding today's hearing on H.R. 2971, the Social Security Number Privacy and Identity Theft Protection Act. This bill, which would restrict what both the public and private sectors can do with Social Security Numbers, is an important tool in the fight against identity theft.

Identity theft is one of the fastest growing financial crimes in the United States with the number of victims doubling each year over the past three years. As the Federal Trade Commission reports, in 2003 there were nearly 10 million Americans victimized by this crime. Over the past five years, there have been 27 million victims. Both of our states, Chairman Stearns, rank in the top 10 for identity theft occurrences. (Florida is 5th, Illinois is 9th.)

Although nearly half of the victims do not know how their personal information was stolen, we do know that Social Security Numbers are one of the most important means that identity thieves use to financially establish themselves as someone else. When we consider the financial doors Social Security Numbers can unlock and the pervasiveness of the use of these numbers, then the rise in number of occurrences of identity theft should come as no surprise.

As we have all personally experienced, everyone wants our Social Security Number. It's not just when we open a bank account, or apply for a credit card, or even when we accept a new job. Our Social Security Number is requested when we get an insurance policy, open a new phone account, sign a lease, you name it. So many times when we establish a business relationship, the other party wants our number - whether there is a legitimate need for it or not. Most times, consumers provide it. We feel we have to do so.

But, we are so used to being asked for our number that may not give enough thought to what that other party does with our Social Security Numbers. That company may sell them. The numbers may be transmitted over the Internet for legitimate purposes, but may not be protected in those transmissions. Our new accounts may be linked to our

Social Security Numbers. The numbers may be displayed on forms or files that are not adequately protected. These possibilities should give everyone pause.

If we can limit how other parties - public and private - use our numbers, then we can establish a good framework to prevent the misuse of the key to our personal financial information. We know that identity theft is financially and emotionally devastating. It can take years to discover that one has been victimized and even longer to repair that damage. That is why I am quite pleased that we are considering H.R. 2971 today. Again, it is a truly important start.

However, I also believe that we can and need to do more. We, as government officials, need to make sure there are adequate resources for consumers, both to prevent them becoming victims and to help them if they are victimized. We need to make sure we are also helping consumers protect themselves by giving them the information they need to do so. We need to make sure everyone knows to check their credit reports regularly: that is how most find out they were victimized. We need to make sure that there is help available for victims to recover their losses and to clean up their credit reports - with as little hassle and frustration as possible. We need to be as proactive and responsive as possible. I look forward to considering the conversation about what we need to do.

Although we have an unusually small panel of witnesses for our subcommittee, I am pleased you could join us today. I look forward to hearing from you.

Thank you, Chairman Stearns.