

# Committee on Ways and Means

## Fact Sheet: Social Security Identity Theft

### Key Facts on Identity Theft and Social Security Numbers

- **ID theft is one of the fastest growing financial crimes** – affecting nearly 10 million Americans.
- **ID theft is the number one consumer complaint** – amounting to 42 percent of complaints received in 2003 by the Federal Trade Commission (FTC).
- **The Social Security number (SSN) is one of the main tools used to steal an identity.** According to FTC testimony, “Social Security numbers play a pivotal role in ID theft. Identity thieves use the Social Security number as a key to access the financial benefits available to their victims. Preventing identity thieves from obtaining Social Security numbers will help to protect consumers from this pernicious crime.”

### Combating ID Theft is Key to Protecting Homeland Security

- **Terrorists use Social Security number fraud and ID theft to assimilate themselves into our society.** According to FBI testimony before the Senate Committee on the Judiciary, “Terrorists have long utilized ID theft as well as Social Security number fraud to enable them to obtain such things as cover employment and access to secure locations. These and similar means can be utilized by terrorists to obtain driver’s licenses, and bank and credit card accounts through which terrorism is facilitated.”

### ID Theft Imposes Significant Costs and Hardships

- **ID theft is costly to businesses and consumers.** An FTC-sponsored survey in 2003 found nearly 10 million people – or 4.6 percent of the adult population – discovered they were victims of ID theft in the previous year. ID theft cost \$48 billion in losses to businesses, \$5 billion in losses to individual victims, and almost 300 million hours spent by victims trying to resolve their problems.
- **ID theft can be devastating.** Victims of ID theft often have trouble obtaining new credit cards, mortgages and loans. Victims can be harassed by debt collectors and be subject to criminal investigation and even arrest, as a result of the crimes that the thief committed when using the victim’s stolen identity.
- **It can take months to resolve credit problems.** Survey results showed 39 percent of ID theft cases involving new accounts or other fraud took three or more months to resolve.
- **Businesses and government agencies are exposed to legal liability** if SSNs and other personal information they collect is unlawfully made public or stolen by an “insider.” Encouraging less dependence on SSNs reduces opportunities for ID theft and this liability exposure. Also, preventing ID theft reduces direct losses to merchants, banks, credit companies and others.

## **Experts Agree – Prevention Measures are Needed to Fight ID Theft**

- The U.S. General Accounting Office (GAO) said in a recent report, “A multi-pronged approach to combating identity theft must include prevention efforts, such a limiting access to personal information.”
- The SSA IG has said, “We must take steps to limit its [SSN] use and limit the expansion of its use” and, “The availability of SSNs on public documents and over the Internet must come to a stop.”

## **Bipartisan Legislation Restricts Access to SSNs, Better Protects the Public**

Ways and Means Social Security Subcommittee Chairman E. Clay Shaw, Jr. has introduced bipartisan legislation, H.R. 2971, the *Social Security Number Privacy and Identity Theft Prevention Act of 2003* to:

- **Stop access to SSNs in public and private sector** – by restricting the sale, purchase and public display (including Internet) of SSNs, limiting dissemination of SSNs by credit reporting agencies and making it more difficult for businesses to deny services if a customer refuses to provide his or her SSN;
- **Protect individuals** – by prohibiting persons from obtaining SSNs to find a person with the intent to physically injure or harm them;
- **Tighten SSN controls** – by requiring a photo ID to get a SSN or replacement card, restricting issuance of multiple replacement cards, requiring verification of birth records, and improving the process for issuing SSNs to newborns; and,
- **Enforce restrictions** – through civil and criminal penalties for violations.

*Sources: General Accounting Office; Social Security Administration, Office of Inspector General; Federal Trade Commission; Ways and Means Subcommittee on Social Security Testimony; and Senate Committee on the Judiciary Testimony.*