



## U.S. Department of Justice

*Executive Office for United States Trustees*

*Office of Research and Planning*

*Washington, D. C.*

### **PRESS RELEASE**

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#### **PERSONAL BANKRUPTCY FILERS MUST SHOW PROOF OF IDENTIFICATION**

WASHINGTON, D.C.—Debtors who file a personal bankruptcy case after Jan. 1, 2001, in 19 federal judicial districts must show proof of identification and Social Security number under a pilot program now in effect, Martha Davis, Acting Director of the Executive Office for U.S. Trustees, announced today.

The Debtor Identification Pilot Program was launched Jan. 1, 2001, to detect and deter identity fraud in bankruptcy, which typically involves filing for bankruptcy using a false name and/or Social Security number.

“Identity fraud can severely damage the credit record of an innocent victim whose name and Social Security number are falsely used in a bankruptcy filing,” Davis stated. “Identity fraud also threatens the integrity of bankruptcy court records by placing inaccurate information in those records.”

The EOUST is the Washington, D.C., office of the U.S. Trustee Program, a component of the Justice Department that monitors the administration of bankruptcy cases nationwide and works to ensure the integrity of the bankruptcy system.

#### **Pilot Program Requirements**

Under the pilot program, bankruptcy debtors who file under Chapter 7 or Chapter 13 must provide proof of identity and Social Security number when they appear at the mandatory “Section 341” meeting of creditors to discuss their financial obligations. The Section 341 meeting is held 20 to 40 days after the case is filed.

Permissible forms of identification include a valid state driver’s license, government-issued picture identification card, U.S. passport, or legal resident alien card. Proof of SSN may be provided through documents such as a driver’s license, Social Security card, current W-2 Form, or payroll check stub. Other forms of identification and proof of SSN may be accepted as well.

During the pilot program, the U.S. Trustees will collect data on topics such as the use of questionable identity documents, inaccurate names, inaccurate SSNs resulting from mistakes such as typographical errors, and inaccurate SSNs resulting from apparent fraud.

The pilot program is modeled after a procedure tested since September 1999 by the U.S. Trustee in Northern Illinois and Wisconsin (Region 11). As a result of that test, attorneys who represent bankruptcy debtors in Region 11 now routinely ask their clients for proof of identification and SSN, and advise their clients to be prepared to provide proof of identification and SSN at the Section 341 meeting. The test uncovered cases of apparent criminal fraud as well as typographical errors resulting in inaccurate SSNs on bankruptcy documents.

### **Background: Why File Under a False Name or SSN?**

A common reason for filing a bankruptcy case under a false name or SSN is to obtain the protection of the “automatic stay” to delay foreclosure or eviction, without placing a bankruptcy on one’s own record. (A false filer with a prior bankruptcy may be currently ineligible to refile, under the laws that govern how soon one may refile.)

The automatic stay takes effect as soon as a bankruptcy petition is filed. Until it is lifted by court order or otherwise expires, the stay prevents creditors from engaging in collection actions. A false filer who seeks only the temporary protection of the stay often fails to appear at the Section 341 meeting, and the case is dismissed. However, the bankruptcy filing remains in the court record under the victim’s name, and remains on the victim’s credit record.

Another common reason to file for bankruptcy under a false name or SSN is to evade payment of, and to discharge, debts incurred under the false name or SSN. The filer may have fraudulently obtained credit cards, telephone service, bank loans, or other valuable goods or services.

In other cases, the use of a false name or SSN on a bankruptcy petition results from careless error. An attorney, paralegal, or bankruptcy petition preparer may accidentally transpose digits in the SSN while filling out the client’s bankruptcy papers. If the inaccurate SSN matches the true SSN of another person, the bankruptcy filing may appear on that person’s credit record.

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