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United States Senate

SPECIAL COMMITTEE ON AGING

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August 7, 2007

The Honorable Patrick P. O'Carroll, Jr.
Inspector General
Office of the Inspector General
Social Security Administration
6401 Security Boulevard,
Suite 300, Altmeyer Building
Baltimore, Maryland 21235

Dear Mr. O'Carroll:

In recent months several newspapers have published articles describing how financial institutions have been freezing and assessing fees on accounts in which Social Security and Veterans' benefits are electronically deposited. Although Federal law, in our view, clearly precludes creditors from garnishing these benefits to fulfill debts, financial institutions continue to allow this to happen. In our view, another violation of Federal Law that is troubling is the practice by banks of directly withdrawing funds from beneficiary accounts to cover a variety of bank services such as: ATM transactions, insufficient funds, low account balances, account maintenance, etc.

Sadly, the majority of the individuals to whom this is occurring are those who can least afford it. As we in Congress consider how to address this issue, it would be helpful to know whether the twelve largest banks and a select number of small and medium size banks are allowing the garnishment of Social Security and Supplemental Security Income (SSI) benefits. We would also like to know what types of fees these financial institutions are charging beneficiaries in relation to these garnishments. Finally, we would like to know what these financial institutions are doing to protect exempted Social Security funds.

To assess the magnitude of these issues, we would appreciate it if your office would query the twelve largest financial institutions and a select number of small and medium sized banks in the United States servicing SSA beneficiaries on the number of their account holders receiving these benefits through direct deposit in the last twelve months, and provide us with the following additional information:

1. How many of these accounts have been garnished at creditors' requests.

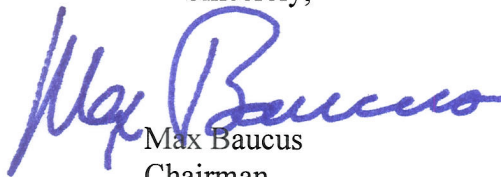
2. Please provide the number of accounts upon which fees in relation to such garnishment were imposed, the number of times these fees were imposed, and the total dollar amount of fees charged to these accounts as a result of the garnishment. Please include all types of fees charged by the institution in relation to such garnishment, including administrative fees, fees to garnish and/or release the funds, and NSF fees.

Should you have further questions, please contact Jeff Cruz of Senator Kohl's staff at (202) 224-5364, Alan Cohen of Senator Baucus's staff at 202-224-4515 or Melissa Garza of Senator McCaskill's staff at 202-224-6154. We look forward to working with you on this and other important issues that affect our nation.

Sincerely,



Herb Kohl
Chairman
Committee on Aging



Max Baucus
Chairman
Committee on Finance



Claire McCaskill
Member
Committee on Aging