



Statement of U.S. Rep. Tim Murphy
Hearing of the Judiciary Subcommittee on Crime, Terrorism, and Homeland Security
Chairman Robert Scott
H.R. 740, the Preventing Harassment through Outbound Number Enforcement Act (PHONE Act of 2007)
Tuesday, February 6, 2007

Mr. Chairman, Ranking Member Forbes, distinguished colleagues of the Committee, thank you for inviting me to speak before you today on behalf of updated legislation that I introduced in the 109th Congress, the Preventing Harassment through Outbound Number Enforcement Act, or the PHONE Act.

Identity theft has become an increasingly critical problem for consumers. Last year the Federal Trade Commission revealed that 10 million individuals are victims of identity theft each year, and identity theft is the number one consumer complaint from over 255,000 individuals in each of the fifty states. The disastrous implications of identity theft for consumers include damaged credit and financial ruin, and the effects can tear apart families.

Congress has repeatedly tried to prevent identity theft, most recently with the passage of my bill, H.R. 5304. Unfortunately, with new technology comes new risks and new opportunities for criminals to skirt the law. One of these technologies used by thieves is the practice of "call spoofing," or "caller ID fraud," where one masks their identity by altering their outbound caller ID number in order to mislead the call recipient. Some may describe call spoofing as a way to maintain caller privacy. But it is nothing less than fraud.

Stealing, masking or otherwise altering one's caller identification to deceive is a new tool in the hands of criminals. The practice of caller ID fraud can be tremendously harmful to consumers.

Consider the effects of the false use of caller ID in other areas. Past federal and state efforts to block unwanted phone solicitations with "Do Not Call" lists was to provide some privacy for citizens. But when someone hijacks your phone number, they can bypass that protection.

I believe Congress must enact a law to penalize caller ID fraud perpetrators. This bill is particularly necessary to protect American families, the elderly and businesses, because illegally using another person's phone number could have limitless unlawful applications. It doesn't take much imagination to understand how dangerous this practice could be for unlawful people:

- > A criminal could try to obtain personal financial information from individuals by using a bank's phone number,
- > An ex-spouse could harass a former wife or husband who has blocked calls from the ex-spouse's phone line,
- > A pedophile could stalk a child by stealing a school phone number or the phone number of a friend of the child,
- > A sexual predator could use a doctor's office phone number, or
- > A terrorist could make threats from a government phone number.

The criminal use of caller ID fraud is not just a possibility. Here are some real world examples of caller ID fraud that are real and very disturbing:

- > The AARP Bulletin reported cases in which people received calls that made false claims that they missed jury duty. To avoid prosecution, these individuals were asked for their Social Security number and other personal information. The phone number that appeared on their caller ID was from the local courthouse, so people assumed the caller was telling the truth.
- > The security company, Secure Science Corporation, has stated that criminals have accessed legal call spoofing Internet sites in order to protect their identities while they bought stolen credit card numbers. These individuals then called a money transfer service such as Western Union and used a fake Caller ID and a stolen credit card number to order cash transfers to themselves.
- > In 2005, SWAT teams surrounded an empty building in New Brunswick, New Jersey, after police received a call from a woman who said she was being held hostage in an apartment. She was not in the apartment, and the woman had intentionally used a false caller ID. Imagine what might have happened.

For these reasons, I introduced H.R. 5304 in the 109th Congress to punish those who engage in the intentional practice of misleading others through caller ID fraud. Violators of the bill would be subject to a penalty of up to five years in prison and fines of \$250,000. Unfortunately, pursuing these criminals is difficult and particularly resource intensive.

In the 109th Congress, I also cosponsored H.R. 5126, the Truth in Caller ID Act. However, H.R. 5126 only

asked the Federal Communications Commission (FCC) to create a rule to prohibit caller ID fraud in six months. There are no penalties in the bill and the Senate did not pass this legislation. I also included an amendment to prompt the FCC to address the practice of caller ID fraud in H.R. 5672, the Fiscal Year 2007 Science, State, Justice, and Commerce Appropriations Act but Congress was unable to sign H.R. 5672 into law. I believe that my bill, H.R. 5304, appropriately went further by amending criminal law to fully protect Americans from the practice of caller ID fraud, and the House agreed when we passed H.R. 5304 in the 109th Congress. I was pleased to work with the Subcommittee again this year to improve the PHONE Act by including the forfeiture of equipment used by criminals in call spoofing and adding call spoofing to the list of unlawful activities associated with money laundering.

Over the years, Congress has been criticized as a reactive institution. Today, this subcommittee is proactively considering a good idea that addresses a problem before more serious tragedies occur. Today we have a chance to help stop crime, prevent identity theft and protect lives.

I applaud the chairman for making this legislation a priority of his subcommittee. I would like to thank the Chairman and Ranking Member of the Subcommittee for working with me on this bill and for their commitment to the personal identity security of all Americans. I would be happy to answer any questions you might have.