

## STATEMENT OF SENATOR JON KYL

### SUBCOMMITTEE ON TERRORISM, TECHNOLOGY, AND HOMELAND SECURITY SENATE JUDICIARY COMMITTEE

“Identity Theft: Innovative Solutions for an Evolving Problem”

Wednesday, 21 March 2007

#### Overview

I would like to thank Senator Feinstein for holding this hearing and for her hard work in fighting identity theft. I would also like to thank all of the witnesses for appearing today.

This Subcommittee has been active on the issue of identity theft, holding eight hearings on the issue in the last nine years in an effort to ensure the security and financial privacy of our citizens.<sup>1</sup>

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<sup>1</sup> *Identity Theft Penalty Enhancement Act of 2002: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (July 9, 2002) (S. Hrg. 107-900, Serial No. J-107-68); *Identity Theft: Restoring Your Good Name: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (Mar. 20, 2002) (S. Hrg. 107-900, Serial No. J-107-68); *Privacy, Identity Theft, and the Protection of Your Personal Information in the 21<sup>st</sup> Century: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (Feb. 14, 2002) (S. Hrg. 107-852, Serial No. J-107-60); *Biometric Identifiers and the Modern Face of Terror: New Technologies in the Global War on Terrorism: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107<sup>th</sup> Cong., 1<sup>st</sup> Sess. (Nov. 14, 2001) (S. Hrg. 107-657, Serial No. J-107-46A); *Identity Theft: How to Protect and Restore Your Good Name: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 106<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (July 12, 2000) (S. Hrg. 106-902, Serial No. J-106-97); *ID Theft: When Bad Things Happen to Your Good Name: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 106<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (Mar. 7, 2000) (S. Hrg. 106-885, Serial No. J-106-70); *The Identity Theft and Assumption Deterrence Act: S. 512: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 105<sup>th</sup> Cong., 2<sup>nd</sup> Sess. (May 20, 1998) (S. Hrg. 105-845, Serial No. J-105-104).

## **The Problem: Statistics**

Identity theft is one of the fastest growing crimes in America and the world.<sup>2</sup> According to an article in the *Baltimore Sun*, identity theft-related crimes cost businesses and individuals nearly \$50 billion in 2006, and an estimated 8.4 million Americans were victims of identity theft in 2006.<sup>3</sup> This equates to about one in 25 people.<sup>4</sup> The young and the elderly are the likeliest targets of the crime.<sup>5</sup>

## **Executive Order and Task Force**

On May 10, 2006, President Bush issued an Executive Order to “strengthen federal efforts to protect against identify theft.”<sup>6</sup> The Executive Order established a Presidential Identity Theft Task Force, chaired by the Attorney General and the FTC chairman, to “develop a comprehensive strategy for steps the federal government can take to combat identity theft.”<sup>7</sup> The Task Force recommendations are due next month. Although Mr. Winston from the FTC and Mr. Tenpas from the DOJ would be in a better position to address some of these issues after the release of the recommendations, we look forward to their testimony today.

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<sup>2</sup> Carol Rock, *Grant to Battle ID Theft*, Los Angeles Daily News, July 10, 2006, at SC1; Joanne Ginley, *The World's Fastest Growing Crime*, Yorkshire Post (Leeds, England), Oct. 10, 2006.

<sup>3</sup> Laura Smitherman, *Clash over blocking a Credit Report: Rival Lobbies pull at General Assembly as it seeks ways to fight Identity Theft*, The Baltimore Sun, Feb. 6, 2007, at 1A.

<sup>4</sup> *Id.*

<sup>5</sup> Michele M. Melendez, *ID Thieves target Students: College Students 'Prime Target' for Identity Theft*, Mobile Register (Alabama), Feb. 4, 2007, at F6; Amy Cannata, *Officials warn of Fraud, ID Theft; Consumer Protection Week highlights Scams that prey on Elderly, College Students*, Spokesman Review (Spokane, WA), Feb. 6, 2007, at B3.

<sup>6</sup> Exec. Order No. 13402, 71 C.F.R. 27945 (2006).

<sup>7</sup> President's Identity Theft Task Force, US DOJ, <http://www.usdoj.gov/ittf/>.

## **Arizona**

According to a February 7, 2007, FTC report, my home state of Arizona is “an ID-theft hotbed, posting more per capita complaints than any other state in 2006.”<sup>8</sup> Last year alone there were 8,146 victims of identify theft in Arizona.<sup>9</sup> This was the fourth consecutive year that Arizona led the nation in per capita ID theft.<sup>10</sup>

## **LifeLock**

I recently met with Todd Davis, the CEO of LifeLock, a company that offers a proactive solution for individuals concerned about the increasing prevalence of identity theft. For 10 dollars a month, LifeLock will set alerts on a customer’s credit reports at each of the four major credit reporting agencies. Once alerts are set, the credit reporting agencies are required to contact a customer personally to verify the legitimacy of any credit activity. These alerts, which the company renews periodically, help prevent the unauthorized use of individual’s personal information after he has become the victim of identity theft.

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<sup>8</sup> Russ Wiles, *Arizona Again led U.S. in Reports of Identity Theft in '06, FTC says*, Arizona Republic, Feb. 8, 2007, Bus. Sect. at 1.

<sup>9</sup> Mike Sakal, *Thomas gearing up to combat State's Top Rank in ID Theft*, East Valley Tribune (Mesa, Arizona), Feb. 23, 2007.

<sup>10</sup> Russ Wiles, *Arizona Again Led U.S. in Reports of Identity Theft in '06, FTC says*, Arizona Republic, Feb. 8, 2007, Bus. Sect. at 1.

Mr. Davis and I also discussed how the federal government could go about combating identity theft nationwide. Mr. Davis noted that, from his experiences, a nationwide system of identity verification seems possible. That system would use a multifaceted assessment of personal information from both public and private sources, and thus allow the government to assign each individual an “ID Score.” That ID Score, which would act similar to a credit score, would reflect the likelihood that an individual’s personal information had been compromised. The government, employers, and merchants could then use that ID Score to determine what procedures were necessary to verify an individual’s identity.

### **Meth, Illegal Immigration, and Terrorism**

The characteristics of those who commit identity theft are varied. According to Arizona Attorney General Terry Goddard, “[t]here is a high correlation between identity theft and [methamphetamine] use. [Meth users] typically steal identities in order to feed their habits.”<sup>11</sup> An October 2006 article in the *Washington Post* also discussed the relation between meth use and identify theft: “[u]nlike other drug users, those on meth stay up for days and can become absorbed in methodical, repetitive tasks, creating a high correlation between meth abuse and identity theft crimes.”<sup>12</sup> An investigation by the Tucson Police Department and the U.S. Postal

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<sup>11</sup> Chris Casacchia, *State Officials see Link between ID Theft and Meth Use*, Phoenix Business Journal, Feb. 17, 2006.

<sup>12</sup> Theresa Vargas, *A Preemptive Strike is launched against Meth; County is chosen for Joint Effort with Nonprofit*, Washington Post, Oct. 26, 2006, at T6.

Service recently led to the arrests of members of an identity-theft ring that was “mostly made up of heavy methamphetamine users.”<sup>13</sup>

Another cause of identity theft in this county is illegal immigration. U.S. Immigration and Customs Enforcement (ICE) agents recently arrested nearly 1,300 illegal aliens as part of an ongoing investigation into a large identity-theft conspiracy.<sup>14</sup> The ICE operation, known as Operation Wagon Train, targeted a large meat processing company in six states and uncovered illegal workers from eight countries: Mexico, Guatemala, Honduras, El Salvador, Peru, Laos, Sudan, and Ethiopia.<sup>15</sup> According to the head of ICE, Homeland Security Assistant Secretary Julie L. Myers, “the use of fraudulent documents by illegal aliens seeking employment has been a significant problem. In recent years, however, this fraud has evolved into a disturbing new trend. Now, instead of obtaining fraudulent documents with fraudulent identities, illegal aliens are buying genuine documents.” using identities of unwitting U.S. citizens<sup>16</sup>

Terrorism is another cause of identity theft. In 2002, Dennis Lormel, Chief of the FBI’s Terrorist Financial Review Group testified before this Subcommittee

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<sup>13</sup> Alexis Huicochea, *Identification-theft Suspects have Histories of Fraud, Drugs*, Arizona Daily Star (Tucson), Dec. 9, 2006.

<sup>14</sup> Jerry Seper, *ICE raids Plants in ID Probe; Aliens arrested in 'Disturbing' Document Trend*, Washington Times, Dec.14, 2006, at A7.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

that identity theft was a “key catalyst” for terrorist groups.<sup>17</sup> Also at that hearing, John Pistol, Acting Assistant Director of the Counterterrorism Division of the FBI, testified that financing of terrorism is facilitated through identity-theft and that terrorists use identity theft to obtain “cover employment and access to secure locations.”<sup>18</sup>

## **Conclusion**

I’m glad we are able to examine the identity theft laws of the states in an effort to find solutions for this increasing problem. I would like to thank Chairman Feinstein again for holding this hearing.

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<sup>17</sup> *Identity Theft Penalty Enhancement Act of 2002: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107th Cong., 2nd Sess. (July 9, 2002) (S. Hrg. 107-900, Serial No. J-107-68), at 89 (written statement of Dennis Lormel).

<sup>18</sup> *Identity Theft Penalty Enhancement Act of 2002: Hearing Before the Subcomm. on Technology, Terrorism, and Government Information of the Senate Comm. on the Judiciary*, 107th Cong., 2nd Sess. (July 9, 2002) (S. Hrg. 107-900, Serial No. J-107-68), at 3 (written statement of John Pistole).