



CURRENCY

Committee on Financial Services

Michael G. Oxley, Chairman

**For Immediate Release:
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Contact: Peggy Peterson at 226-0471

Oxley, Roukema, Kelly Seek to Prevent Identity Theft by Terrorists and Criminals, Urge Quick Government Action to Close Loophole

Seeking to prevent identity theft and financial fraud, House Financial Services Chairman Michael G. Oxley (OH), Vice Chairwoman Marge Roukema (NJ), and Oversight and Investigations Subcommittee Chairwoman Sue Kelly (NY) today revealed a government loophole that makes identity theft easier. They called on the Social Security Administration (SSA) to take quick action to close it.

The members have discovered a lapse in SSA practices that Oxley says "presents an engraved invitation on a silver platter to an identity thief."

What makes the gaping loophole even worse is that the vulnerable identities are those of deceased individuals. Making the matter more urgent is the fact that a man being held on suspicion of involvement in the September 11 hijacking attacks illegally used the Social Security number of a New Jersey woman who died in 1991.

Oxley added, "Now we know that the terrorist MO might include identity theft, it's critical for the SSA to take extra steps to protect Americans' Social Security numbers and their identities."

"Tightening up practices at the SSA will help to foil common thieves stealing identities to obtain illegal credit cards, as well as brutal terrorists who may be plotting something much worse," Roukema said.

In a letter to the SSA, Oxley, Roukema, and Kelly called for modernization of the gathering and distribution of death information to the financial services industry. The members are seeking immediate and permanent deactivation of Social Security numbers, whether an individual has been dead for ten years or ten days. Oxley is considering

adding such a legislative provision to his anti-money laundering package introduced Wednesday, H.R. 3004, the Financial Anti-Terrorism Act.

The SSA actually uses 'snail mail' every month to send a cartridge of death information to another federal agency, which copies it again and sends it---again through regular mail---to subscribers like credit bureaus, credit card issuers, and other financial institutions. The whole process takes well over a month. In the meantime, Social Security numbers and accounts remain active, and identities are up for grabs by clever thieves. Because of the time gap, criminals can deplete lifelong savings before the deceased victim's financial institutions are even informed of the death.

"Terrorists have shown they will use any means at their disposal to carry out their monstrous plans. Closing these loopholes will take away another tool in the terrorists' arsenal," Kelly said. "The federal government needs to act swiftly to prevent this from happening again."

"The Social Security Administration has the power to stop rip-off artists and terrorists from victimizing the dead and their grieving families," Oxley said. "The financial services industry needs to have an official notification of a person's death from the federal government quickly and permanently---preferably by electronic means---to prevent identity theft and financial losses."

The Committee investigated the theft of Social Security numbers by James R. Jackson and Derek Cunningham, who admitted to stealing hundreds of thousands of dollars by assuming the identities of live and deceased victims. One Ohio victim had been deceased for 10 days when Jackson and Cunningham stole his Social Security number, assumed his identity, and arranged the transfer of \$300,000 from the corporate executive's life savings to buy diamonds and watches for resale on the black market.

These felons and others like them would have had a much more difficult time stealing identities if the federal government had sent official notification to the credit bureaus and credit card companies sooner.

The letters follow.

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October 3, 2001

The Honorable David M. Walker
Comptroller General of the United States
U.S. General Accounting Office

441 G Street, NW
Washington, DC 20548

Dear Comptroller Walker:

We need your immediate action to protect the American people from the theft of a deceased's Social Security number. Such a theft now appears to have played a role in the terrorists' attacks on our country on September 11. Social Security numbers have become too easy for criminals to use to commit fraud, and it is too difficult for regulated finance companies to prevent fraud using stolen numbers.

A *Washington Post* article on Saturday, September 29, reported that a man held in Great Britain, and suspected of training four of the terrorists who hijacked the airliners on September 11, used the Social Security number of a New Jersey woman who died *in 1991*. The woman's relatives had never heard of the suspect and were astounded at the use of the Social Security number ten years after the woman's death. It appears from the published report that the Social Security number was included in the Death Master File, raising the question how the suspect improperly re-used the number.

For several months, the Committee on Financial Services has investigated the process of collecting and distributing information on deaths and concluded that this notification system is outdated, inefficient, and untimely. We have studied other cases of identity theft and heard from constituents who suffered fraud perpetrated through the identity theft of a recently deceased family member. Fraud losses in just one case totaled more than \$730,000, because the financial institutions involved did not receive timely notice of the victims' deaths. In each case, the fraud could have been prevented, or at least limited, through a more timely release of the Death Master File.

However, in the wake of news that a deceased's Social Security number might have been used by a suspect in the deadly acts inflicted on our country, the need to ensure their immediate and permanent deactivation is greater than ever. It is now a matter of the protection of our national security and the safety of each and every American.

We need to get the Social Security numbers to the credit bureaus and credit card issuers much more quickly to prevent another such incident. At a time when instantaneous and secure updating of information through the Internet has become a routine practice, we fail to see why it should take well over a month before the financial services industry receives a deceased's name and Social Security number in a complete and official file. We also need to ensure that such numbers can never be used again to improperly obtain credit or funds in any way or to verify another person's identity.

Accordingly, we are asking GAO to examine the full process of gathering and distributing death information, recommend how to accelerate it and how to permanently deactivate such numbers. Specific areas of inquiry should include, but not be limited to, the following: (1) How much time does each stage of the process take, from initially gathering the information to the receipt of the DMF by subscribers? (2) What actions

could be taken to ensure more timely collection and transmittal to financial institutions to reduce the potential for fraud? (3) Would it be possible for the SSA to update the master death list on a daily or weekly basis with an immediate electronic transfer to the NTIS, or to the financial services industry without NTIS's involvement? (4) What steps need to be taken by SSA and the financial services industry to ensure that such numbers are never used again?

Please provide the Committee staff with the information and recommendations you have developed on the subject by Friday, October 19. Due to the critical impact of identity theft on our national security, we are asking that you place this review ahead of all others requested by the Committee.

Sincerely,

(SIGNED)

Michael G. Oxley
Chairman
Committee on Financial Services

(SIGNED)

Marge Roukema
Vice-Chair
Committee on Financial Services

(SIGNED)

Sue W. Kelly
Chairwoman
Subcommittee on Oversight and Investigations

cc: The Honorable John J. LaFalce
Ranking Member
Committee of Financial Services

The Honorable Luis V. Gutierrez
Ranking Member
Subcommittee on Oversight and Investigations

October 3, 2001

Mr. Larry G. Massanari
Acting Commissioner
Social Security Administration
500 E. Street, SW
Washington, DC 20254

Dear Acting Commissioner Massanari:

We need your immediate action to protect the American people from the theft of a deceased's Social Security number. Such a theft now appears to have played a role in the terrorists' attacks on our country on September 11. Social Security numbers have become too easy for criminals to use to commit fraud, and it is too difficult for regulated finance companies to prevent fraud using stolen numbers.

A *Washington Post* article on Saturday, September 29, reported that a man suspected of training four of the terrorists who hijacked the airliners on September 11 used the Social Security number of a New Jersey woman who died *in 1991*. The woman's relatives had never heard of the suspect and were astounded at the use of the Social Security number ten years after the woman's death. It appears from the published report that the Social Security number was included in the Death Master File released regularly by your office.

For several months, the Committee on Financial Services has investigated the process of collecting and distributing information on deaths and is concerned that the current notification system may be outdated, inefficient, and untimely. We have studied other cases of identity theft and heard from numerous constituents who suffered fraud perpetrated through the identity theft of a recently deceased family member. Fraud losses in just one case totaled more than \$730,000, because the financial institutions involved did not receive timely notice of the victims' deaths. In each case, the fraud could have been prevented, or at least limited, through a more timely and targeted release of the Death Master File.

However, in light of the *Washington Post* report, the need to ensure the immediate and permanent deactivation of deceased's Social Security numbers is greater than ever. It is now a matter of the protection of our national security and the safety of each and every American.

We need to get used Social Security numbers to the credit bureaus and credit card issuers much more quickly to prevent future incidents. At a time when instantaneous and secure updating of information through the Internet has become a routine practice, we fail to see why it should take well over a month before the financial services industry receives a deceased's name and Social Security number in a complete and official file. We also need to ensure that such numbers can never be used again to obtain credit, obtain funds in any way, or improperly verify another person's identity.

Please contact us by October 19 to let us know how these concerns can be addressed, and whether any additional congressional action is necessary to facilitate your efforts. We also plan further follow-up on the timeliness of the collection of death information and how financial institutions could better use the information upon distribution without creating opportunities for additional fraud or a criminal purpose. We are also requesting that the General Accounting Office immediately begin a review of the matter and provide recommendations for action by SSA and the financial services industry.

Sincerely,

(SIGNED)

Michael G. Oxley
Chairman
Committee on Financial Services

(SIGNED)

Marge Roukema
Vice-Chair
Committee on Financial Services

(SIGNED)

Sue W. Kelly
Chairwoman
Subcommittee on Oversight and Investigations

cc: The Honorable John J. LaFalce
Ranking Member
Committee of Financial Services

The Honorable Luis V. Gutierrez
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