

Testimony of

The Honorable Christine O. Gregoire

March 20, 2002

Good morning.

Thank you Senator Feinstein and members of the committee for the opportunity to testify here today.

I appreciate your interest in helping to protect citizens from what has become one of the fastest growing and most expensive consumer frauds in America.

Identity thieves don't just steal victims' money. They rob them of their time, credit and reputation.

In January 2000, identity theft reports were arriving at the FTC at a rate of 300 per week.

Just one year later, the rate had grown tenfold, to 3,000 reports a week.

As the GAO report on identity theft issued this month indicates, the true incidence of this crime is difficult to measure.

But in the five minutes I speak to you, an estimated five more Americans will have their identities stolen.

Those five people will spend nearly \$6,000 in notary fees, copying charges and legal fees to clear their names.

That doesn't count any lost wages or lost credit.

It takes time, too. Those five victims will spend 875 hours - or nearly 22 workweeks - dealing with the impacts of the theft over the next two years.

One or two of them might even become the subject of a criminal investigation or even arrest because of someone's fraudulent use of their identity.

Businesses will pay, too.

Those five identity thefts that occur as I speak will cost businesses \$33,500. Over the course of a year, it adds up to an estimated \$3.5 billion.

Those are just numbers, averages that help describe the problem on a national scale.

But to really understand it, I think you need to look at what identity theft does to innocent individual like Jenni D'Avis from my state.

Jenni thought there had been some type of simple error when she got two bills for maxed out credit cards she didn't even have.

Then she got a call from the General Motors Acceptance Corporation asking why she was late on payments for her Chevy Suburban.

She wasn't making payments because she had never purchased the SUV. Someone else did, using Jenni's I.D..

Piecing it together, Jenni discovered that a thief had obtained her Social Security number from a student roster at the community college she attended.

The thief used the Social Security number to get a state I.D. card, then launched a fraudulent spending spree.

By the time Jenni realized what was going on, the thief had run up \$72,000 worth of charges on 13 credit accounts, nine cellular phone accounts and six checking accounts.

Jenni didn't get stuck with those bills, but she learned that she would get stuck with some very nasty marks on her credit record.

GMAC told her they would list the stolen Chevy Suburban as a "repossession" on her credit report and that she would have to clear it up later.

In three weeks, Jenni's sterling credit was horribly tarnished. She was forced to sue her creditors and credit reporting agencies to finally clear her name. It took her more than two years.

Unfortunately, Jenni's story isn't unique.

My state has the dubious distinction of being in the top ten states for identity thefts per capita.

That's why Washington passed a new identity theft law last year.

We wanted to ensure the criminal recognized the gravity of the crime. But even more importantly, we wanted to give victims the tools to get their good names and reputations back quickly and without having to spend a lot of their own money.

But one law isn't enough.

Identity theft is a crime that does not respect state or regional boundaries.

A Social Security number stolen in Washington can be used to obtain a credit card in Delaware that is then used to get a cash advance in Ohio.

That's why citizens need help at the federal level.

In December, the National Association of Attorneys General passed a resolution calling for federal legislation to address this growing crime.

The resolution supports legislation to both prevent identity theft and to make it easier for victims of identity theft to recover their reputations.

So I am pleased to see you tackling this difficult problem in two ways.

Senator Feinstein, your bill to help prevent identity theft by decreasing thieves' access to our personal identifying information is very important.

Let me tell you about another woman in my state, Berniece Phelps. Mrs. Phelps discovered her identity had been stolen in August, shortly after our state law had taken effect.

She made the discovery because credit card companies called her to ask if she had moved to Florida.

By calling to verify the change in address, which would be a requirement under Senator Feinstein's bill, the companies helped Mrs. Phelps stop the damage to her credit.

Senator Feinstein's bill addresses prevention very well.

But we also need to recognize that these thieves are persistent and we won't be able to stop all of them.

And that's why I also support, very strongly, Senator Cantwell's "Reclaim Your Identity Act."

As I mentioned, Berniece Phelps identity was stolen just two months after our state law went into effect.

And the difference between her experience and Jenni D'Avis' experience is stark.

Mrs. Phelps used the new law to get help she got from businesses and credit agencies.

She was able to get her credit report corrected quickly and easily. These are key components of our new state law.

Senator Cantwell's proposed bill will make sure victims across the country have the same resources so they can have that kind of experience and not the nightmare that Jenni D'Avis went through.

And it adds some significant features beyond those found in Washington's law.

Under existing law, as a result of the Supreme Court ruling in *TRW v. Andrews*, the two-year statute of limitations for filing suit can expire before an identity theft victim even becomes aware of the crime.

But under Senator Cantwell's bill, the statute of limitations clock doesn't start running until the consumer knows, or reasonably should know their identity has been stolen.

And the bill provides another means to go after identity thieves by making a conviction under state law a crime that can then be pursued as a federal racketeering violation.

Since our law went into effect last July people in my state have had help in restoring their good names.

I see no reason why residents in other states should not have the same protections from identity theft that our state's citizens now enjoy.

The "Reclaim Your Identity Act" will help ensure that an identity theft victim in Phoenix, Raleigh or Frankfort will have the same protections as a victim in Seattle.

And it will give victims - regardless of where they call home -- a fighting chance at getting their credit repaired and their lives back on track.

Thank you.