



DEPARTMENT OF STATE

STATEMENT

OF

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BEFORE THE

SENATE COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE ON TERRORISM AND HOMELAND SECURITY

HEARING

ON

THE PASSPORT ISSUANCE PROCESS: CLOSING THE DOOR TO FRAUD, PART II

THURSDAY, JULY 29, 2010

Mr. Chairman, Ranking Member Kyl, and Distinguished Members of the Subcommittee:

I thank you for this opportunity to come before you today. I am testifying today to discuss the Department of State's response to concerns raised by the Government Accountability Office (GAO), in their latest undercover investigation of passport operations. I also seek the Subcommittee's support of initiatives to better support the Bureau of Consular Affairs (CA) in detecting and preventing passport fraud.

As the GAO recognizes, CA is fully committed to continually improving our processes in order to maintain the most secure passport issuance system in the world. We take very seriously our responsibility to protect U.S. borders through the vigilant adjudication of U.S. passports. We have worked, and will continue to work, diligently to improve training, procedures, and oversight of the passport application and adjudication processes, and to enhance and upgrade the issuance systems and automated checks that support the process.

My career at the State Department spans nearly four decades. I have served overseas as a member of the Foreign Service, and for the past 24 years in Washington in a variety of positions in the Bureau of Diplomatic Security and the Bureau of Administration before joining CA in July 2008.

My tenure with the State Department has been longstanding, challenging, and varied. Yet in the diverse and wide-ranging landscape of my federal career, no assignment has been as demanding, daunting, and critical as my current mission managing the Passport Services Directorate, particularly with respect to combating and preventing passport fraud.

Through existing fraud detection procedures, we recently discovered that the GAO was conducting a second undercover investigative operation of Passport Services. The first one had been conducted in 2008. Expert GAO investigators, who are trained and skilled in document fraud, created and presented fraudulent birth and identity documents to pose as bona fide U.S. citizens. These investigators then submitted seven passport applications at several passport agencies across the country. The applications used legitimately issued Social Security Numbers (SSNs). The investigators provided counterfeit birth certificates and drivers licenses, some of which were based on genuine documents. We immediately identified two of their applications as frauds during the adjudication process, and we spotted two others later in the process prior to passport delivery. The GAO was successful in receiving three passports. We have requested the return of these passports that were issued in error. Had GAO not confirmed that these applications were part of a GAO-sponsored investigation, we would have alerted the Department's Diplomatic Security Service for further investigation and possible criminal prosecution of the responsible individuals.

CA is dedicated to deterring and detecting passport fraud, and we have made significant improvements to the passport issuance system, but the fact is that we did not catch all seven fraudulent applications. Human error and the volume of documents that we produce annually – 13.5 million passport books and passport cards in FY 2009 – will always represent a challenge for combating fraud in the passport issuance process. However, our commitment to improve the security of the passport issuance system is firm.

Immediately upon discovering this second GAO undercover operation, CA initiated action and took the following steps:

- Placed all personnel involved in issuance of those passports on 100 percent audit;
- Conducted "stand-down" fraud training for all adjudicators on the results of the GAO probe;
- Implemented an aggressive schedule of enhancements to the Travel Document Issuance System, which incorporates Facial Recognition technology, to all passport agencies and centers;

- Provided fraud training, as appropriate, to the non-State Department acceptance facilities involved;
- Tightened reporting requirements for use of out-of-state identity documents as a second form of identification, and provided updated, comprehensive guidance to acceptance facilities and passport agencies and centers;
- Reviewed standard operating procedures to insure that issues raised by this latest GAO probe are appropriately addressed in guidelines; and
- Developed a training module for all adjudicators on adjudication/fraud issue raised by the GAO probe.

This is not the first time that GAO conducted a “sting” undercover audit of State Department passport issuance operations. Following a similar effort two years ago, we made process improvements and were more successful in detecting GAO’s latest efforts. As noted above, we are already changing our processes to better detect the methods GAO employed this time.

While even one passport issued in error is one too many, it was exactly the improvements which we put in place after the 2008 GAO operation that allowed us to recognize passport issuance irregularities *before* GAO acknowledged this recent operation. We recognized that the citizenship and identity documents GAO investigators submitted with several of these applications were fraudulent. As we investigated further, we identified other applications submitted with fraudulent identities and pulled them before they were received by the impostors.

Since the 2009 GAO report and recommendations, we:

- Implemented an aggressive, ongoing program of fraud prevention and detection training for our Passport Adjudication Specialists;
- Increased our data-sharing and liaison with federal, state, and local law enforcement and intelligence agencies, the Social Security Administration, and U.S. Citizenship and Immigration Services;
- Established an Acceptance Facility Oversight Program and provided enhanced web-based and classroom training for non-State Department Acceptance Agents at the 9,400 designated facilities where the general public may apply for a U.S. passport;
- Reviewed our adjudication program from top to bottom, and enhanced it with comprehensive standard operating procedures and a standard continuum of training and performance expectations for Passport Specialists;
- Created an Adjudication Office at the national level to support the important work of the Passport Agencies through the development and implementation of standardized adjudication policies and procedures; development and evaluation of production metrics; validation studies; and implementation of an adjudication audit program;
- Established the Procedural Integrity Testing and Training Program, or Red Teams, to test the effectiveness of our adjudication and anti-fraud efforts, identify and mitigate vulnerabilities, and improve the quality of the passport issuance process;

- Piloted state-of-the-art technologies to support Passport Adjudication Specialists to prevent passport fraud, including the acceleration of the implementation of facial recognition and other biometrics in our passport application adjudication process;
- Procured additional data sources to help us detect fraud; and
- Doubled the number of Fraud Prevention Program Managers at our Passport Agencies.

Ninety-eight million passports are held by Americans. I am proud of the Department's work to provide these millions of Americans with passports that enable them to travel freely in and out of the United States. These passports also serve as proof of identity and U.S. citizenship for many federal and other benefits. No one is more aware of the importance of maintaining the integrity of the passport adjudication process than those of us in the Bureau of Consular Affairs.

As demonstrated by the GAO's most recent undercover operation, the greatest threat to the integrity of the passport issuance process is document fraud. It is the availability of fraudulent documentation that is then used to apply for passports. Passport fraud is often linked to other crimes such as using stolen identities of U.S. citizens, using assumed identities, or using the identity of a deceased person. CA needs the help of this Subcommittee and others in Congress to obtain the necessary tools to strengthen the passport issuance process.

We issue passports based on verification of citizenship and identity documents that are issued by federal, state, and local jurisdictions. We do not control or regulate the physical characteristics of these documents, nor the way in which they are issued. We must have the means to verify the authenticity of these documents and to confirm the information provided on the passport application.

Increased information sharing, within the federal government and with state and local governments, is one of the most effective ways to ensure that only those entitled to U.S. citizenship receive a passport. CA is continually engaged in this effort. However, our efforts to gain access to information are hampered because CA is not considered a law enforcement entity for information sharing purposes. We need this designation.

The State Department continues to work actively with other federal agencies and state governments to establish additional data share programs to augment our ability to confirm information provided by passport applicants. We are working with state vital records bureaus to encourage participation in a national centralized database of birth and death records. We encourage development of standardized birth records. Some of our more recent agreements include:

- Real-Time Verification of Social Security Numbers: CA and the Social Security Administration are working to implement real-time verification of SSNs and other data.
- Verification of Driver's Licenses: The Department is currently using the N-LETs system to verify driver license issuance with state DMVs. We have access to driver's license data for 49 states, Puerto Rico, and the District of Columbia. South Dakota is the only state not participating.

However, as we are not considered a law enforcement entity, we have limited access to the driver's license data. We are unable to view the data files or photographs of license holders. CA needs greater access to state DMV data files and other data that will assist us to verify the identities of passport applicants.

- Verification of Vital Records (Birth and Death Certificates): We currently verify birth certificates through the Electronic Verification of Vital Events (EVVE) system available through the National Association for Public Health Statistics and Information Systems. EVVE is a

centralized database that verifies birth certificate data available from 19 states, with plans of expanding the program to all 50 states by May 2011.

Individual jurisdictions participate in the EVVE system to varying degrees. The two major factors deterring standardization are funding, particularly if reissuance of all birth records is required, and complications posed by the disparate levels of technology employed by the various jurisdictions, some of which use little to no electronic recordkeeping.

A national standard birth certificate format for documents submitted in support of passport applications would greatly assist our anti-fraud efforts.

A number of studies have concluded that the misuse of birth certificates is a major factor in perpetrating various crimes. Virtually all federal and state agencies agree that stolen, counterfeit, and altered birth certificates are often used as “breeder documents” that allow the holder to obtain additional documents necessary to create false identities. All seem to conclude that fraudulent birth certificates are easy to obtain.

The number of different types of U.S. birth certificates in circulation is overwhelming. According to the *Birth Certificate Fraud* report issued by the Department of Health and Human Services, Office of Inspector General in September 2000, there are more than 6,400 state and local jurisdictions issuing birth certificates, with over 14,000 versions in circulation. The report revealed that state vital records offices currently issue 113 different types of certified copies of birth records. This number does not account for the number of additional variations in local office issuance. Additionally, 51 of the 53 primary vital records offices issue certified photocopies of actual birth records, 37 issue certified copies of computerized abstracts of birth records, 17 issue wallet-sized birth certificates or cards, and eight issue commemorative birth certificates, each with its own unique security features and signatures.

Even more alarming, 13 states allow “open” access to birth records, which allows virtually anyone to request copies of birth certificates on file. At some vital records offices and issuing entities, requestors can purchase birth certificates without identification or other verification that they are entitled to a copy of the birth record.

The HHS-OIG report concludes what we in Passport Services already know, that the large number of state, county, city, township, and other entities issuing birth certificates vastly increases opportunities for fraud and theft. Differences in paper, format, signatures, and security features of the hundreds of jurisdictions issuing birth certificates make the detection of fraudulent birth certificates daunting. This is the challenge we face, and we face it every day.

The ease with which genuine birth certificates may be obtained and the lack of standardized formatting add significant vulnerability to the passport adjudication process, which hampers our ability to ensure that applicants are legitimately entitled to a passport. We seek the Subcommittee’s support to encourage standardization of birth documents.

As this Subcommittee knows, one of the reasons Congress enacted Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) was to limit the number of identity and nationality documents that U.S. citizens could use as proof of citizenship to enter the United States. In doing so, Homeland Security’s Customs and Border Protection officials no longer faced the formidable task of verifying U.S. citizenship by examining the more than 14,000 different versions of U.S. birth certificates that could be presented at land and sea borders. However, in our work, CA still must review thousands of different versions.

A birth certificate is the single most common document used to establish U.S. citizenship. It is used to obtain documents such as driver’s licenses, Social Security cards, and U.S. passports. It is

crucial that the processes for issuing birth certificates is standardized, and that the latest technology is used to ensure that their physical integrity.

The Government of Puerto Rico recently passed Law 191 of 2009, invalidating all copies of certified Puerto Rican birth certificates issued prior to September 30, 2010, and prohibiting the retention of certified birth certificates by public and private entities effective January 1, 2010. The law aims to prevent identity theft and passport fraud perpetrated by criminals who illegally obtain copies of certified birth certificates from institutions in Puerto Rico. Approximately 40 percent of the passport fraud cases investigated by the Department of State's Diplomatic Security Service in recent years involved birth certificates issued in Puerto Rico.

CA commends the Government of Puerto Rico for passage of this law. We believe the law will significantly reduce the incidence of fraud involving Puerto Rican birth certificates. We hope that states and local jurisdictions will take similar steps to improve their vital records issuance processes.

To minimize the risks associated with using birth certificates as part of the passport application process, the Department continues to explore a number of options, including:

- Requiring "long-form" versions of birth certificates, which provide additional detail about an individual's parents and place of birth;
- Requiring the acceptance of only one standardized birth certificate format from each jurisdiction;
- Requiring the acceptance of birth certificates only if printed on a jurisdiction's standardized paper; and
- Requiring the acceptance of state-issued birth certificates from a central database.

CA also needs the ability to require SSNs on passport applications. In addition to birth certificates, we rely heavily on data provided by SSA to verify SSNs and other identifying information provided by passport applicants. Our data share agreement with SSA allows us to validate SSNs to ensure that they are correct and not associated with a deceased individual. The previous GAO investigation criticized the Department for not verifying SSNs. In this recent investigation, GAO used legitimately-issued SSNs validated by the SSA batch processing check we now use.

While the Department strongly encourages applicants to include their SSNs on passport applications, we do not have the authority to require applicants to do so. The Privacy Act prohibits the Department from requiring SSNs as a condition for receiving a passport. There are strong security justifications for a requirement to include SSNs on passport applications.

Finally, we need your support for continuation of the Western Hemisphere Travel Initiative (WHTI) Surcharge as requested in the President's FY 2011 Budget.

Currently, we retain a \$22 "WHTI Surcharge" for each passport application to build and operate the infrastructure needed to meet the growing demand for passports as we strengthen border crossing requirements. The surcharge will continue to be charged, but we will lose our authorization to retain it at the end of this fiscal year. We need these funds to strengthen our systems and combat fraud and our request is part of a larger fee retention package which is in the President's FY 2011 Budget.

All of us in the federal government are committed to enhancing the safety and security of government services, and to making them more efficient, equitable, and responsive to the needs of the American people. CA is committed to protecting the integrity of the U.S. passport. We are receptive to recommendations from any source that might improve passport operations, detect and prevent passport fraud, and enable us to provide better customer service to passport applicants.

I thank you for this opportunity to discuss with you the Department of State's response to the latest GAO undercover investigation of passport operations. I appreciate the Subcommittee's understanding of the threat document fraud poses to the integrity of the passport issuance system. My hope is that you will support the initiatives I have discussed, because they are essential to detecting and preventing passport fraud and depriving criminals of the ability to cross our borders.