

Testimony of
The Honorable Orrin Hatch

March 20, 2002

Madame Chairwoman, I want to thank you for holding another hearing on this important topic -- identity theft. The incidence of identity theft appears to be increasing dramatically, and as a result, it is one of the leading concerns of Americans today. These hearings are generating much needed public discourse about this critical issue.

Identity theft is particularly offensive because where the "theft" is successful, the primary intended victim will be the one who appears to have committed the crime. The innocent victim will be left to face investigations by credit card companies, financial institutions, and law enforcement agencies, while the real offender remains behind the scenes, unless and until the victim succeeds in clearing his or her good name.

Although there are no comprehensive statistics on identity theft, we have learned from the General Accounting Office that the prevalence and the cost of identity theft appear to be increasing: consumer reporting agencies have reported an increasing number of fraud alerts on consumer files; the Federal Trade Commission has reported an increasing number of calls to its Identity Theft Data Clearinghouse; the Social Security Administration's Office of Inspector General has reported a substantial increase in calls relating to identity theft; statistics from federal law enforcement agencies also suggest identity theft is growing; and two major credit card companies, Visa and Mastercard, have documented a rise in credit card fraud losses from about \$760 million in 1996 to \$1.1 billion in 2000, an increase of about 43 percent. According to another recent study, 1 in every 50 consumers has been the victim of identity theft in the past year, while 1 in every 20 consumers has been the victim of credit card fraud. While these numbers are staggering, we must recognize, as the GAO testified at our last hearing, that it is extraordinarily difficult, if not impossible, to measure the precise number and nature of identity theft incidents that occur each year.

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As we consider legislation to address this disturbing trend, it is important that we carefully identify the problems we seek to solve and tailor our legislative responses to them. We need to ensure that any response is a measured and informed one, taking into account the legitimate needs of this nation's businesses and law enforcement agencies, as well as the privacy interests of consumers. I look forward to hearing what our distinguished witnesses have to say about legislation Senators Feinstein and Cantwell each have proposed to remedy various problems posed by identity theft.

I understand that a number of credit card companies have already instituted, or are in the process of instituting, their own password based and other security measures. I applaud such efforts. I am

convinced that many of the harms consumers experience today can best be prevented if industries develop effective internal security measures.

As I have said before, I am committed to working with Senator Feinstein, Senator Kyl, Senator Cantwell and the other members of this Subcommittee to develop legislation that strikes the proper balance between the privacy rights of consumers and the needs of industry and law enforcement.

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