

Prepared Statement of
the Federal Trade Commission on

Identity Theft: the Impact on Seniors

Before the
Senate Special Committee on Aging

Washington, D.C.

July 18, 2002

I. INTRODUCTION

Mr. Chairman, and members of the Committee, I am Howard Beales, Director of the Bureau of Consumer Protection, Federal Trade Commission ("FTC" or "Commission").⁽¹⁾ I appreciate the opportunity to present the Commission's views on the impact of identity theft on the nation's seniors and describe to o7BT /TT3 1 Tf 9.96 0 04o.96 0 0 9.96 424(and)-12(des)-4 tipi-1(ec)-8(t)-1(424(a)3(€

(2) *Identity Theft Data Clearinghouse*: The Identity Theft Act directed the FTC to log the complaints from victims of identity theft and refer those complaints to appropriate entities such as appropriate law enforcement agencies. Before launching our complaint system, the Commission took a number of steps to ensure that it would meet the needs of criminal law enforcement. For example, in April 1999, representatives from ten federal law enforcement agencies, five banking regulatory agencies, the U.S. Sentencing Commission, the National Association of Attorneys General and the New York State Attorney General's Office met at the FTC to share their thoughts on what the FTC's complaint database and comprehensive consumer education booklet should contain. The roundtable participants also established a working group that provided feedback throughout the construction of the database. The FTC opened the consumer hotline and began adding complaints to the resulting Clearinghouse in November 1999. Law enforcement organizations nationwide who were members of our Consumer Sentinel Network (the FTC's universal fraud complaint database) gained access to the Clearinghouse via our secure Web site in July of 2000.

To ensure that the database operates as a national clearinghouse for complaints, the FTC has solicited complaints from other sources. For example, in November 2000, the International Association of Chiefs of Police (IACP) unanimously passed a resolution in support of curbing identity theft which, among other things, calls upon local police to refer identity theft victims to the FTC's hotline so that their complaints will be available to law enforcement officers nationwide through the Clearinghouse. In February 2001, the Social Security Administration Office of Inspector General (SSA-OIG) began providing the FTC complaints from its fraud hotline, significantly enriching our database. As a result of these efforts, the Clearinghouse has become a key element in identity theft investigations.

The Clearinghouse provides a much fuller picture of the nature, prevalence, and trends of identity theft than was previously available.⁽¹³⁾

agent on a full-time basis to the Commission to assist with identity theft issues.⁽¹⁵⁾ The identity theft team, assisted by the special agent, examines significant patterns of identity theft activity in the database and refines the data through the use of additional investigative resources, developing a preliminary investigative report. Then, the team refers the investigative report to one of the Financial Crimes Task Forces located throughout the country for further investigation and potential prosecution.

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the 70,545 victims who contacted the FTC provided their age.⁽²²⁾ (Figure 1 sets out the age distribution of the 2001 victims.) Notwithstanding that increase in the number of those reporting their age, the breakdown across different age groups remained quite similar from 2000 to 2001. See *Figure 2*. Americans aged 60 and above represented about 10% of the complainants in both 2000 and 2001. This group represents about 16% of the population of the U.S. population overall.⁽²³⁾

The 2001 Clearinghouse data show that there are some ways that identity theft varies for those over 60 years of age.⁽²⁴⁾ See *Figures 3-4*. While the data reveal differences between the age groups, they currently do not enable us to draw any conclusions explaining these differences.

- x *Credit Card Fraud*: About 52% of the victims over age 60 in the Clearinghouse reported that either a new account was opened in their name, or someone took over an existing account, in comparison to approximately 45% of those under 60. This is the leading form of fraud for all victims.
- x *Telecommunications or Utility Fraud*: About 15% of the victims over age 60 in the Clearinghouse report that the identity thief obtained unauthorized telecommunications or utility equipment or services in their name in comparison to approximately 24% of those under age 60. Frequently, this type of fraud involves the purchase of cellular phones and service.
- x *Bank Fraud*: About 10% of all victims over age 60 reported fraud on their demand deposit (checking or savings) accounts in comparison to 14% of those under 60.
- x *Fraudulent Loans*: Seven percent of all victims over age 60 reported that the identity thief obtained a loan in their name in comparison to about 8% of those under age 60.
- x *Employment Fraud*: About 2% of the victims over age 60 in the database reported that the identity thief used their personal information for employment purposes in comparison to approximately 8% of those under age 60.
- x *Government Documents or Benefits Fraud*: About 3% of all victims over age 60 reported that the identity thief obtained government benefits or forged or obtained government documents in their name in comparison to about 7% of those under age 60.
- x *Other Identity Theft*: About 9% of the victims over age 60 in the database reported various other types of identity theft in comparison to about 15% of those under age 60.
- x *Attempted Identity Theft*: Almost 20% of victims over age 60 reported that someone had

private agencies that reach different constituencies, and to support the prosecution of this crime. We

