

today to address child identity theft. No doubt countless children will have better and more secure futures as a result of your work. And now it's my pleasure to introduce one of our key partners, Mary Lou Leary, Principal Deputy Assistant Attorney General, Office of Justice Programs, of the United States Department of Justice. Mary Lou. [Applause]

>> Mary Lou Leary: Thank you, David. I'm very pleased to be here, and I want to echo David and Maneesha's welcome to all of you for participating in today's forum, those of you who are here and those of you who are watching from the air-conditioned comfort of your offices. I'm sure there are plenty out there who went outside this morning and thought, "Mm, I think I'll do this on the Web." [Laughter] I know that we have some of the best minds in the field here today, so I'm really looking forward to a vibrant discussion of these issues. Child identity theft is an issue that we're really just beginning to understand and, in fact, maybe even just beginning to become fully aware of. We know a lot about identity theft generally over the last few years, but we're really only starting to see the prevalence and the impact of identity theft on children in the United States, the tremendous damage that that can do. Our friends here at FTC tell us that, in 2006, there were more than 10,000 identity-theft complaints filed involving victims who were under the age of 18. And those were the ones of complaints that were filed. Imagine -- These are kids. Imagine how many

members are here today, and I'd ask them to just stand for a moment so you can look around and see who they are and talk to them about the work that we've been doing. Laura, did you stand?

>> Laura Ivkovich: Yeah. [Laughter]

>> Mary Lou Leary: This is Laura Ivkovich from the Office of Victims of Crime and who's really the driving force behind the identity-theft working group. You know, people say Merrill Lynch is bullish on America? Laura Ivkovich is bullish on identity theft, let me tell you. I also want to thank -- [Laughter] I want to thank Joye Frost, who directs our Office for Victims of Crimes -- Joye. She's been a huge supporter of our work, and she directed her office's resources to co-sponsoring this event today. Speaking of resources, we have a number of terrific resource, along with FTC resource, on the tables outside, and include a literature review and also a really innovative and, in fact, award-winning online training that OVC developed to improve the response of victim service providers to identity-theft victims. So, take a look at that table and fill up your bag with some samples of the great resources we have out there. So, today we're just beginning a very important dialogue that is a subject that's of real concern to everybody in this room. I'm very happy that the Department of Justice could help kind of jump-start this conversation. And I'm glad we have so many of you who are knowledgeable and willing to devote your time to discuss this today. I really believe that this is just the beginning and, by brainstorming together, we will be able to find some workable solutions to child identity theft that are grounded in research and in effective practices. So, I look forward to the discussion today, and I really look forward to working with all of you as we move forward in the future on this issue. Thank you very much. [Applause]

>> Laura Ivkovich: Thank you, David and Mary Lou, Maneesha. My name is Laura Ivkovich, as was noted, and I have the privilege of working at the Office for Victims of Crime in the Office of Justice Programs at DOJ. And this morning we want to offer an overview of the issues that affect child victims of identity theft and their families -- really, the scope, the impact, and implications for victim services and child-serving professionals, as well as identity-theft prevention advocates and those interested in the issue altogether. So, as I introduce our fabulous panel, you'll see that we plan to present this -- from a perspective of, one, the problem, from an industry expert's view, second, the personal victim experience -- the impact, from a victim's viewpoint, as a mother and a

privacy expert -- and third, from the investigative side, sort of the ground truth around and, from the front lines, what needs to be done and what is being done or could be done to further our efforts. So, first let me introduce our first panelist, who will come up. I'll introduce them all, and then we'll invite them up. Bo Holland is technology inventor, who, as he will explain, has been delivering innovative solutions to hard problems for over 20 years. In 2004, Mr. Holland founded - - and I think you've heard of it -- Debix, to help stop identity theft and currently serves as the founder and C.E.O. He'll also tell you that he believes everyone deserves basic identity protection, and in April 2011, he worked hard to introduce AllClear ID. He's got hand-out information about that for everyone, as well, in the resource materials. And lastly, I want to say that previously Mr. Holland developed innovative credit card technologies, databases, and computer operating systems at Works, Pervasive Software, and Citrix Systems. So he does know the industry, and he does know the technology behind it. Next to Bo, we have Michelle Dennedy, and Ms. Dennedy is the founder of The Identity Project. That is a play on last name, and it works very well. She has a consultant and advisory company to help bring privacy and security products and services to market. Ms. Dennedy is also a founder and editor in chief of theidentityproject.com, a source for individuals and companies who wish to debate, learn, lead, innovate, and drive the concept of identity in all forms and facets. In 2009, Ms. Dennedy was awarded the Goodwin W the 0-atJ0.0004 Tc 0005 5D

introductions, Bo, will you please come on up and share with us, live and on the Webcast, what you found from your most recent research and data, the scope of the problem, and share with us, as industry expert, what you feel needs to be done to help ensure a child's credit is safely secured, both industry and government. And please welcome Bo Holland. [Applause]

>> Bo Holland: Well, thanks so much to the FTC and DOJ for putting on this forum. It's terrific to see this problem getting this kind of attention. It's been something we've been tracking for the last couple of years. As Laura mentioned, my background is in technology, so I have a little bit of a different take on this problem than maybe some of the folks from the data industry, the regulatory industry, some of the different places people come from. And one of the things that we really decided to focus on early on was research. So, let's make sure we understand what is working in this identity-protection space, what is not working, and really get some facts. So, there's a lot of talking, but we've factually see a dearth of research often. So, this is actually our third research project. The first one we did back in 2007 was focused on the fraud-alert system -- so, a pretty neat system that Congress put in place. It does a great job of protecting folks from new credit-account fraud. We found in our research, however, that about 40% of the alerts that were being set actually failed to get set properly for consumers. So, it was a great idea. The implementation had some problems. We did some work with the credit bureaus and so forth to improve that, so that system works much better today. That was our first foray into it. About two years ago, we got onto this child issue. So, part of our business is we get hired when companies have a data breach, and they hire us to go provide protection to those consumers. And first it was many adults, but we ran into a few data breaches where there were children involved -- so, healthcare, educational. And in those, we started seeing some really strange statistics. We saw attacks against the children at a much higher rate. And we were surprised by that because these started coming in through our investigation unit, which is -- If you're in the investigation unit, you already got a problem. You've already been hit, and we haven't detected those with our technology up front. So, why didn't we know that these kids had a problem? What was going on? What was wrong with the scanning? What was wrong with the monitoring? And so we had to work our way back to figure out what the problem was. So, we put out a small report a couple of years ago that had about 500 kids, and we had seen about a 5% rate of identity theft against

continued doing the work and have tracked that. So, at this point, I want to walk through what we've seen and observed to date. There we go. So, a little background on the information and the study that we did. This is not a telephone survey, where we call people and say, "What do you think happened?" This is hitting live commercial databases with live transactions. We looked at the credit databases. We looked at utilities. We looked criminal databases. We looked at medical-account-record databases -- so, across a much broader spectrum than just credit. And the population size was quite large. As I mentioned, we've been tracking this for two years. We got up to 42,000 children in this case study. So, it's probably the largest study. I think it's also the first study that's ever been done that actually puts a number on the size of this problem, on the magnitude of it. One note -- again, our business is, we get hired in the event of data breaches, so most of these children and adults -- a population of about 800,000 people that were in the study -- came to us through that event. What we found -- We want to try and isolate that dimension and say, "Okay, is it the data breach that's causing this? Are these children special?" And what we found was that 78% of these children that became victims -- it actually happened before the data breach. So, it's coming from somewhere else, coming from somewhere else. And since this, we've actually done another st

customers. I never expected, when I began this journey, to be protecting 5-month-old children from this particular problem. So, the young man here on the left side of the slide -- he has a bankruptcy on his record. He has credit cards in his name. Didn't expect that. The young lady on the right -- She's about 17. She is transitioning to adulthood and has run into a big problem -- she has \$725,000 in debt. She owns a couple of houses. She owns several car, credit cards, utilities. Turns out there's eight different people using her identity, all within the area where she lives, all using her Social Security number. Crazy. So, bring it to home -- this is my family. I have four kids. And if you take a 10% rate -- any given child -- that means my family's a 40% rate of being hit by this problem. So, someone else may join. Now, the gentlemen that's joining us there -- he's not an identity theft. He runs our favorite Mayan restaurant, so he's a good guy. [Laughter] But suddenly you can find someone using your kid's Social Security numbers, and you've got a problem. So, my family is larger than the average. I think the average is 2.3 kids. But that means that the average family here in the U.S. has got a, you know, 23% chance of bumping into this problem. So, that's a fairly high rate of concern. So, we started asking, "Who's committing these crimes?" You know? "What is really happening here?" And there's really two big drivers, two different groups. So, you'll hear some about these today. The first one is organized crime. So, these are folks who are in the fraud business -- so, making money through fraud rather than doing good. And then we see an illegal-immigration component that's quite significant here, but again, driven by organized crime. Then the second component is friends and family. This one is driven more by folks who are struggling, and they're trying to keep the heat on in winter. They're trying to keep the utilities going, trying to take care of a family. So, the interesting thing is, these last two that I just mentioned -- immigration and the friends and family -- these are really poverty issues, both of them. These are people who are trying to take care of their families and doing things that they shouldn't be doing in order to get that done, but the motivation is one of survival. The other one -- fraud, of course -- you know, that's a different game altogether. So, Understanding these two, we were really interested in, "Which one is really, you know, driving here? What's changing?" -- 'cause we're seeing this number go up so much. So, any guesses? Anybody -- Raise a hand. Who thinks it's organized crime that's the big driver? A few shy hands. Who thinks it's friends and family that's the big driver? Okay. Our data says it is organized crime that is the majority. So, when we look at the attacks, when we look at what's happening -- so, go back to this young woman that I mentioned a minute ago who's 17. If she's got 8 people using her identity, this

is a very large family. But when we look at the pattern of the attacks, we see multiple people in different locations not connected to the family. They don't look at all like the family. And we see, again, this collection of -- this pattern of multiple people using it well beyond what is in the family circle and well beyond the geographic scope of the family. So, we're seeing that -- This is a place where, again, if I can ask for things here at this forum and ask for help, this is a place where we could use help from law enforcement to help us run a few of these cases to ground. But we've got the patterns identified. We know where these suspects are, and with a little bit of law enforcement resources, we could run these to ground and really figure out, you know, exactly what's happening on these. So, that's a piece of research we would like to follow up on. So, how do they do it? So, as I mentioned, back in the beginning, when we started protecting children, our technologies were not detecting the fraud. You know, this stuff was getting through. We didn't see it. And it came to our attention when children were turning 18 and they were getting turned down for jobs. We thought, "Well, we're not doing a very good job here. We're not picking this stuff up, you know? How did that happen? How did that slip through?" So we really started studying it. And the thing that's different about child identity theft from adult identity theft is this -- it is the fact that they take the child's Social Security number. But remember -- that number has never been used in any of the commercial systems. The only organization that really has awareness of that number is the government. And so the commercial banks, utility company, retailers -- they don't have any awareness of these numbers at all. They don't know where they come from. And so, when one of these numbers show up, a thief is able to put a different name with it. They're able to put a different birthday with it, and then they go and execute a transaction -- get a cell phone, get an apartment, get something small. And they can actually create the identity around that very first transaction. It's something that companies expect. They expect to see new Social Security numbers show up every single day, as people turn 18 and start building their credit, as people immigrate legally to the country and start building a life. They expect this. This is an expected event. So, they have the opportunity to change the name. So, it's really a different thing, and this drives to why we weren't seeing it, and it drives to why this problem has been underground. Just to give you a point of reference on the size and magnitude of the problem, as I mentioned, we're seeing -- you know, in this data set, we're seeing 10% of these kids are affected. We saw the same in another data set. I think you'll hear some other reference points today. But in terms of children - or issues that affect children -- To give you a reference point, we see, you know, cyberbullying.

The FBI puts that one at 9% -- so, 9% of kids affected by cyberbullying. ...puts the risk of some sort of sexual victimization against a child at 10% for boys. It's about double that for girls. So, just to give you a sense of where this problem fits in the range of the other problems that we're focused on. So, the last thing -- What do parents do? So, we learned this hard lesson, that we weren't doing a good job of protecting our customer, our children. And we thought, "We need to fix this." So, my mom always told me, "If you bring up a problem, you better bring a solution to go with it." So, we reached out to TransUnion, our partner on the credit-bureau side, and did some additional research to bring to this forum to really understand it. The number-one recommendation for children today -- And you'll see that since this research came out on April 1st. Go look at the articles. Go look at the press that's been written about this problem and look at recommendation. And just, you know, 9 out of 10 times, it's, "Go check the child's credit report." That's what we tell people to go do. That's our recommendation. So, we said, "Let's go put that to the test." So, we took 381 cases of confirmed child identity theft. So, these were kids that we know had identity theft. We know they had credit accounts in their name, with their -- not in their name -- with their Social. And we know that these records existed in the credit-bureau databases. And so we ran a test. We ran our new technology that was uncovering this, that's the basis for this study -- ran that against it, and we ran the credit reports against it to find out what is the rate of success with this recommendation. So, anybody want to hazard a guess, what percent of these identity-theft cases did the credit reports pick up? I'll start. My personal guess was 20%. I thought, "Well, it'll pick up 20%." Anybody else? 5%? 10%? Okay. So, we got lots of single-digit answers. The real answer turned out to be 1%. The credit reports found exactly 4 out of these 381 confirmed cases. Doesn't work very well. We may as well be telling parents to check their child's temperature. It's not effective. So, we -- Again, looking at that, we put together a program

canonize end

>> Laura Ivkovich: Thank you, Bo. [Applause] Thank you, Bo. And -- Hmm? There we -- And then next we'll bring up Michelle. And she'll please share with us her story and her personal experiences and what the impact can be for a child in his or her family -- Why child identity theft is different from that of adult identity theft and why everyone should care. Michelle.

>> Michelle Dennedy: Thank you. Well, thank you, everyone. A

certainly hear from Jennifer -- and was never intended to be a national I.D. But the Social Security number has become the national I.D. in the United States, pragmatically. All businesses ask for it. All schools ask for it. All healthcare providers, whether or not they're supposed to, are still asking for it. And they're not protecting it as a national I.D. they're protecting it as a random string of

you know, we can barely afford are teachers, if we're lucky enough to have one in our public schools today. We certainly can't afford a CISO and encrypted laptops for all of our kids. The second thing -- data describing children doesn't seem to be economically relevant. You know, there's a lot of mentality out there -- "My kid's got 7 bucks in his piggy bank. Go ahead. Steal it. What am I out, 7 bucks?" Or they think it's similar to the adult crime, which is, you know, "I have an AmEx, and I got a phone call that someone was trying to use my AmEx. All I have is the inconvenience of changing over all my online accounts. What could possibly be the harm? And how could these kids actually lose out, since they don't have anything to lose in the first place?" And so I've kind of labeled what kids do have to lose, as a loss of what I'm calling the children's firsts. Firsts in childhood are dramatically important, and they guide and lead our children into whatever future it is that they will have. Think about their first credit card denied, a child who wants to go on to be a little more independent and start to learn about fiscal responsibility having their first credit card denied. Having your DMV records tied to a criminal's name. Imagine your 16-year-old is so proud to be driving on the road, only to have a broken taillight and find himself dumped into a prison unceremoniously for 24 hours, until they figure out that he actually isn't a drug dealer. You can't unwind that first for that child. The first medical emergency muddled with incorrect information -- this can be a life-changing event for the child. I've had -- You know, since I came into contact, especially with the free product at AllClear, I've had all my friends and neighbors go to allclearid.com and sign up. I had a call from my neighbor yesterday, and he said, "I know this isn't I.D. theft, but my child is -- I live out in California. My child has never been to the East Bay. Why am I getting collections notices from a medical facility?" It's not a credit card, so it can't be I.D. theft." And I said, "Indeed, this is exactly another case of victims firsts, of someone else using -- desperate enough to have to use someone else's insurance information and medical accounts. And it was associated with the correct name. And in this case, it was rather life-altering. The kinds of drugs that this other person were prescribed were absolutely lethal to his daughter, who has a medical condition. First college loans denied -- this one really shakes me to my core. You can do everything right and plan your child's future and work so hard and have everything down on the record. Who can afford college in cash? Like, 10 people who probably don't need to go to college anyway, right, 'cause they're gonna be rich, anyway. Nobody can afford college in cash. And so if you get to be 17, the current recommendation has been to check your credit -- I'll use air quotes for it -- at 17. If you are trying to simultaneously apply for colleges and

get secure student loans, you're going to run into problems. So, the recommendation, I'm hoping, after today, will be to start to figure out how to do a child search much earlier in the process so that

year, as the parents get a little bit older. So, we have to constantly be systemically educating -- hopefully within the educational system -- about this problem, teaching the new parents that are coming in to be ever more vigilant about this issue. And then the final issue that I hope we're gonna tackle and talk about a little bit today is there's no one individually that owns this problem. It's not the parents' fault. It's not the cops' fault. It's not the banks' fault. It's not the retailers' fault. But all of us have a little bit to do with solving the problem and coming up with better mechanisms so we know who is who, we know what to do when things go wrong, and we know how to educate people so that at least the bad guys know we're out here. We're watching. We are no longer going to passively hand our children over to bad guys, who are only focused on exploiting their good names. So, I think just even being that loud and that clear will help make a difference. So, thank you very much, and I look forward to chatting with all of you today. [Applause]

>> Laura Ivkovich: Thanks, Michelle. And finally, we'll bring up Jennifer Walker. Please share with us, please, Jennifer, what the Social Security Administration and the OIG is doing and what you're seeing from your unique vantage point in working some of these difficult and often large cases. I know we won't go into too much detail about that here. You can't. But please touch on the criminal elements and how organized this crime has truly become. So, thank you, Jen.

>> Jennifer Walker: Thank you. Good morning, everyone. I want to echo Bo and Michelle's thanks to the FTC for hosting this forum and particularly for inviting the Social Security Administration Office of the Inspector General to participate. I just want to give you a real brief overview -- Oh, I'm sorry -- a real brief overview of the Office of the Inspector General. We are approximately 590 people of SSA's approximately 60,000 employees. We have two main components -- our Office of Investigations and our Office of Audit that make up the bulk of our employees. We have approximately 280 special agents and approximately 210 of those actually working in the field on various issues, including identity theft. As you can see, 210 people combating a problem as large as identity theft is pretty small. We have 63 offices in 45 states and in Puerto Rico. To just give you a little bit of the scope -- Whoop, I went backwards. I'm sorry. I screwed it up.

>> Laura Ivkovich: That's okay. There you go. One more. Another one.

>> Jennifer Walker: There we go. Okay. So, just to give you a little bit of a background as to what we actually do -- we investigate several areas of fraud, most notably program fraud and disability fraud. 89% of our case load is disability-fraud related. Approximately 5% to 6% of our case load is SSN misuse/identity theft. And it's because our mission really is to protect the Social Security programs. So, we are a small player in identity theft, but we feel we have a responsibility to work SSN misuse/identity theft cases, and we do take that responsibility very seriously. To put this in perspective, for fiscal year 2010, the Social Security Administration Office of the Inspector General received 150,000 allegations of fraud. Approximately 12,000 of those were related to SSN misuse and identity theft. We open approximately 6,000 investigations every year. In fiscal year '10, we had 1,400 convictions, over \$36 million in recovery and \$26 million in restitution. Interestingly enough, although the smallest percentage of our cases opened as identity theft, they result in the largest percentage of our criminal convictions, which I think speaks very highly for how seriously identity theft is taken once it does get into the courts. And because we are such a small investigative agency, we do work most of those identity-theft cases jointly, with other law enforcement agencies, which I'll touch on in a moment. I do want to give you a little bit of information on an area that we worked on recently, specifically related to I.D. theft and very relevant to this forum today, and that is the issue of credit privacy numbers. Credit privacy numbers are a 9-digit number that resembles the SSN and/or the ITIN, which is provided by the Internal Revenue Service. The purpose of these credit privacy numbers is to create a new credit file for those people who have bad credit, delinquent credit, bankruptcies. Credit privacy numbers -- or CPNs, as they are known -- are not legal. However, the Websites that sell them to you, anywhere from \$39.99 up to \$79.99, will lead you to believe that they are legal and that you can use them. They are not legal. There's been some research done that the -- Most of the CPNs are actually children's CPNs. So, that's where we kind of get the tie-in here. There's been some really interesting research done on this by the Identity Theft Resource Center and the FTC on CPNs. And then, last but not least -- I know we're getting a little short on time -- I just wanted to go into, real briefly, a pretty significant case for the Office of the Inspector General that really highlighted the problem of identity theft and children's identity theft and kind of ties back into what Bo said about this being more an organized-crime issue rather than a friends-and-family issue. Back in 2007, there was a large organized-crime ring in Puerto Rico which had stolen approximately 12,000

Puerto Rican identity documents

anyone asked me, "Hey, is your child, you know, getting a driver's license, are they buying a house?" -- You know, I'm the expert. I absolutely, positively know that's not the case. And the problem is that all the folks who are issuing these loans, who are offering the utilities -- you know, they're in the dark. So, if there were some way that we can raise sort of the situational awareness -- That's a term that the military spends a lot of energy on, you know -- "How do we know what's happening on the battlefield? Where are the troops? Where are the guns pointed? Where are people moving?" They spend a lot of money building

a good or a service based on a credential, that's the breadth of the problem, and it's different than what we've kind of identified in the past.

>> Laura Ivkovich: Thank you. And, Jennifer, finally, you know, given the value of a fresh Social Security number, which we heard from David this morning, and knowing what SA is working on with regard to randomization, could you tell us a little more about that and explain how this is working and what the reasoning is behind why SSA is trying to go towards randomization of SSNs?

>> Jennifer Walker: Sure. The randomization of SSNs is actually twofold. One is to protect the integrity of the SSN. SSNs, up until a couple weeks ago, were based on the address of your application. That is no longer the case. SSNs will now be assigned randomly, no matter where you applied for them, no matter what your address is. The kind of the benefit to that is it will extend the longevity of the 9-digit SSN because you'll have, you know, a very small-populated state. You know, they still have lots of SSNs available to issue -- California, not so much. So, this actually puts everything kind of back in the melting pot. It will also eliminate the geographical significance of the first three digits of the SSN. Right now, if you know where someone was born, and what state they were born in, you can pretty much guess those first five digits. My father worked for Social Security for 40 years, and he's darn good at it. [Laughs] And also, it will be more difficult to reconstruct the SSN without those parameters in place. Also, along the lines of randomization and following up on what Bo said about the federal government has all this information, the Social Security number and Department of Homeland Security have services in place available to verify Social Security numbers. The Social Security Administration has SSNVS. It's available to employers to verify Social Security numbers. Department of Homeland Security has E-Verify, which is available to employers to determine employment eligibility. And also SSA has a consent-based SSN verification service, which is available to enrolled private companies and government agencies for a fee. So, there are mechanisms out there to verify Social Security numbers before goods or services are allowed. And they are all on the SSA Website.

>> Laura Ivkovich: Great. Thank you. We have about a minute for a question. If anybody has one, please raise your hand. And we have Brooke and Cheryl available to bring the mike to you.

Do we have any questions? We do have a question. And she's an expert, so I'm sure this is gonna be an easy question.

>> Joanna Crane: No, it's just --

>> Laura Ivkovich: Please give your name and --

>> Joanna Crane: Oh, sorry.

>> Laura Ivkovich: Thank you. Sorry.

>> Joanna Crane: Yeah, my name's Joanna Crane, and I worked at the Federal Trade Commission for several years, also on identity theft. And one thing that I wondered, especially after hearing Bo's presentation -- a lot of what you found were synthetic I.D.s -- I guess that's what you'd call it -- because it's a mismatch between the name and the social. And so my question is, in terms of those firsts, like getting credit or driver's license or something -- if there's a mismatch when the credit -- when the company seeking to lend credit gets a credit report on the true-name individual, the child, do they get that negative baggage along with it? Because that would be associated with a different name and a different date of birth. Or why would those two be associated, since they're not really good matches?

>> Bo Holland: Yep. Terrific question. So, essentially the scenario you described -- a merchant, a retailer, or a bank going in to check the credit -- they would not find that synthetic identity using a credit check. Again, the credit report, the credit checks are all designed to look for a specific name, a specific social. It pulls those two things together. So, if it doesn't find that match it returns "Nothing found." And so that's actually led to one of the other myths, which is, "Oh, well, this doesn't cause any harm. It's not gonna hurt anyone." What we find is that it's actually other mechanisms that cause the child to have the problem. So, some of these banks that we have in the country are pretty large -- so, Bank of America, Citibank. Well, if they have seen your number eoutsen

retailers, the breadth of the banks causes an issue. The other big thing that we see are the background checks. So, background checks operate differently. They're scanning for more. They're not looking for just that one isolated case of credit. And so we find that a huge problem is people getting that first job. They get a good job, there's a background check that comes with that job, and that background check will find all this noise. It will find the medical problems. It will find the credit problems. That's where it comes up.

>> Laura Ivkovich: Thank you. I think we're about out of time. I wanted to mention, for those on the Webcast -- You can e-mail a question to childidtheft@ftc.gov. And we'll try and read as many Webcast questions as we can to the panelists who are gonna be coming up and the moderators following this opening overview. And we will respond to all questions. That is a promise -- that we'll make sure that any that come in that we don't get a chance to read aloud, we will actually respond to. So, I want to make sure that that is mentioned. And so we're gonna be bringing up our next panel, and I want to -- Thank you to our first panel for their great overview. [Applause] The next panel is going to be on children at risk, foster care, and beyond. Our co-moderators are for this are Lisa Schifferle from FTC and Bethany Case from the Office for Victims of Crime, visiting fellow. And they'll be coming up, and then we'll have a break after their session. So, come on up.

>> Lisa Schifferle: Thank you, Laura. That was a very interesting overview of the child-I.D.-theft problem. Now, imagine how much more complicated the problem gets when the child whose identity is stolen is a foster child. That's what this panel is going to explore. This panel is going to look at the unique challenges of identity theft in the foster-care context. For example, foster children tend to be more vulnerable to identity theft to other children because their personal information is floating through the foster-care system. It's going to social-service agencies. It's going to foster parents. It's going to the biological parents. In addition, it can be harder to resolve child I.D. theft when it happens to a foster child because foster children often lack the social safety nets that other children have. Finally, the consequences of I.D. theft can be more severe for foster children than for other children because once these children are emancipated from foster care, clean credit is essential in their process to establishing a strong start to adulthood. So, this panel is gonna look at all of these challenges, as well as assess state and federal efforts to address the challenges related to foster children and identity theft. Let me introduce all of us. My name is Lisa Schifferle.

every year. So, they go off into the world, no longer wards of state and, you know, allowed to kind of fend for themselves. And, you know, experts have started looking at foster care and identity theft dating back about three or four years, when California was really at the forefront of proposing legislation around the topic. And a lot of experts opine that it's probably the most exposed class of potential identity-theft victims, are foster youths. And unlike what has been discussed today so far, is that -- the issue being related to organized crime, one of the more than likely common causes of identity theft, when it comes to foster youth, is friendly or familial fraud. And similar to the points that were raised about poverty conditions and just trying to get by and using an active, clean Social Security number to turn the lights on or to pay the phone bill or to get that new credit card -- that's the kind of cases that we've seen in our service center. They've really been based on family members that have taken advantage of their children, of their cousins, of their nieces, what have you. And so if you think about that, that adds a certain emotional component to it. And it probably really correlates to underdetection, where, even if the youth is finding out about these issues, they're probably not willing to report it. And that's, you know, one of the big challenges here, is that there's a tie, a familial tie that is really causing, in action, a part of the youth. And so they're living with that bad credit, they're living with those negative consequences that they had absolutely nothing to do with. So, today I don't want to speak and have you just hear from me. I want you to hear from a victim, a foster youth named Jaleesa Suell, who wants to share her story with you all. And I could give you a little bit of background on Jaleesa. This is some of her background. She's a college student, attending college in Washington, D.C., and she wanted to share her story about her particular circumstances. Pardon me.

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>> Kelly Colgan: I'm well. Thank you. Now, why don't we get started with you telling everything how old you are and what happened?

>> Jaleesa Suell: I'm 21 years old. I am from Oakland, California. I entered the system when I was 8 years old. I was taken away from my mom due to neglect. I was in seven placements. Every placement, I entered a different school. It was school where I find out that -- School was a safe haven. It provided stability and security. So it was a safe haven for me. In high school, I lived in three placements. I transferred school three times. It was very difficult to maintain grades and extracurriculars, so I thought that going to college was kind of in jeopardy. But I knew that I kind of had to so that I wouldn't have to live the life that got me into the system. So, now I'm matriculating at the George Washington University. When I turned 21 last year, I kind of hit that stage in my life where I needed to figure out what I was going to do with it, if I was going to go to grad school or if I was just gonna look for a job. But the thing that I came up priority, top priority, was financial stability. So, I needed to form a line of credit. And so I applied for a credit card, but I was denied the credit card, and I didn't know why because all that's really on my credit report is student loans. So, I looked at my credit report, and a credit card was opened under to my name, and it was charged off. The payments were defaulted on. And now I'm struggling to get the negative account off my credit report. I've been back and forth with credit bureaus and the bank since September of this year. And it's just been really difficult. Like, it's still there. I'm still having problems with establishing a line of credit. It's prohibiting me from doing things other people can do. Like, I attempted to get a car. I can't get a car., I attempted to getj0.0003 TpdI entered thdoulere but.55 0 9K

Dakota, and I'm from California. So, that was a little fishy, just a little bit. She also knew who lived at the address that the card was under. And it was just very unfortunate that while I'm moving places and while I was in such a state of instability, that she was able to garner that information.

>> Kelly Colgan: And your case, as of today, is still unresolved. So, how long have you been trying to sort this out?

>> Jaleesa Suell: Since September, since I found out. No, actually -- Actually, I want to say January -- the middle of January.

>> Kelly Colgan: Okay. Of 2001?

>> Jaleesa Suell: Yeah. I found out the account was there, and now it's just been back and forth, back and forth, back and forth.

>> Kelly Colgan: Wow. Okay. And do you think, by chance -- There are a lot of talk of Social Security numbers being placed on identification cards. So, the I.D. card that you used often had your Social Security number on it. And that's one of the biggest risks for foster youth, is that their Social Security number is constantly exposed, really easy to get a hold of. So, do you think this may have contributed to the ease, at least, or the temptation to use your information to get, you know, that person --

>> Jaleesa Suell: It definitely contributed to the temptation, especially if you're low-income, "I need money," "Oh, I have access to this, so I can use it." And it also contributed to the ease. The number is in her face. Like, it's in her hand. And because the system, our social workers, or who's ever handling our case doesn't really consider the fact that our lives are our Social Security numbers, they just give it away real easily. "Here's her file. It goes with her." But it's not in the system. It's not in a space. It's in the hands of a human, and humans make mistake. Watch and see, you know?

>> Kelly Colgan: Right, absolutely. And what advice would you give to others going through this? I mean, clearly this created a lot of obstacles for you. It still is. It's not resolved. There's nothing, really, you could have done to prevent it. It's just something that happened. But I'm sure there are moments where you get discouraged and frustrated, but is there any advice that you would give to other foster youths that may be going through something similar or maybe just anyone going through it?

>> Jaleesa Suell: It is very discouraging, but I would say just kind of persevere through it. Just be tenacious in your mission to get it resolved because ultimately, if this doesn't get resolved, it can affect you tremendously. I'm still concerned about where I'm going to live after I graduate, and I have a year to figure that out. But what if this isn't resolved in a year? So I would just say keep going, be tenacious, be relentless if you have to because this is your life.

>> Matt Cullina: So, that's Jaleesa's story, and we're currently working with Jaleesa to rectify her problems. So, I think you get a personal sense of what folks can go through in this situation. And I think the last thing she said is critical here, in that your identity is your life. It is everything. Your Social Security number is your identifying number in this country, and it is your core asset. And so for folks who have very few assets, their identity is something that is what they have. And, you know, there's a lot of efforts that are going on now that are really trying to combat this issue, as it relates to foster youth, and you're going to be hearing about various issues from the panel around these topics. But one I definitely want to point out that's actually currently under way right now at UCLA is called the Bruin Academy, First Star organization, which is a nonprofit. It's collaborating with the Child Advocacy Institute and with Identity Theft 911 to conduct a 5-week training course for foster youth, to provide them with financial literacy and identity-management resources so they can become their own advocates. And the program is under way. It involves 30 foster-care youth from Los Angeles county. And this is a pilot program that we're hoping to duplicate around the country at various Universities in the summer sessions. So, you know, on a person-to-person basis, trying to educate the foster youth. And Jaleesa -- as you can see, how eloquent she was -- she is one of the First Stars trainees. She's been through a lot of kind of leadership coaching from First Star. And you can tell, you know, how she's looking at preparing herself for emancipation. And also you'll hear about various legislation that's going on, on the state

level, in Colorado, in Connecticut, in California, that Congressman Langevin is also looking at a federal legislation to provide resources to foster youth and to eliminate the use of Social Security numbers on identification cards. And finally, I would say I think it's a collaborative effort. You know, it really is the social-welfare-services agencies, it's foster parents, it's foster youth, all working in conjunction to really combat these issues. There's no way to prevent identity theft, so anybody who tells you that they can, you know, guarantee prevention to identity theft is misleading you. It's all about diligence, education, advocacy, and keeping active on the topic. So, thank you.

[Applause]

>> Lisa Schifferle: Thanks a lot. That was a very interesting personal perspective on foster-care identity theft. And next we're gonna hear from Dan Hatcher. Before we do, I just wanted to mention -- You'll see that Joanne McNabb is originally on the agenda, that Chief of California's Office of Privacy Protection. Unfortunately, she's not able to be here with us today. But she has thankfully provided handouts of her PowerPoint, which are available outside on the tables. And for those participating through the Webinar, you can E-mail us at childidtheft@ftc.gov for copies of those. So, now we'll hear from Dan Hatcher.

>> Dan Hatcher: Still back in legal-aide mode, so I'm pretty low-tech and don't have any slides. [Laughter] I guess that makes me at less risk of I.D. theft. [Laughter] Well, thanks for this opportunity. I think it's wonderful to start bringing a lot of these issue to light, which, I think, so many of us have had no idea and the public has no idea is happening to children, and in my particular interest, in foster children. With kids in the foster-care system and their families, I think one of the biggest problems is getting a fuller picture, getting our arms around these issues with poverty, how poverty interacts with the child-welfare system and how poverty interacts, ultimately, with child I.D. theft and as a cause of child I.D. theft. Normally, with I.D. theft, you know, we want to think about this pure, bad actor, you know, the evildoer, to quote a former president of ours. And sometimes it could be that simple, but more often than not, in the foster-care system, unfortunately it's not. Often, it's not so clear-cut. Sometimes it happens from a child's sibling. Sometimes it happens from a child's parent, a caretaker, a grandma who needs to get the heat back on in order to keep the child in their household, a relative or parent struggling with substance abuse. You name it. And I think, to take just a quick moment to look forward to these children as

is ironic when you think about how closed it is 'cause then the agencies themselves are so loose with the information, which leads to the I.D.-theft problem becoming worse and worse. Case management for child-welfare agencies is not one of their strengths. Okay, so, poverty is a problem. Looking forward, the use of information, as I already said, often comes from a family need. Again, may have their utilities, their phone service turned off, due to inability to pay bills, often occurs because of substance abuse. And I think this is an even harder gray area, right, 'cause it feels a little more bad, right? It's not actually just trying to take the information to put the heat back on, but maybe take the information to go down to the corner and buy drugs, right? But if our effort that's going on at that same time is to try to reunify a child with an impoverished parent who may be struggling with substance abuse, if we lash out too quickly, if our knee-jerk reaction is to simply prosecute and to criminalize, then we may severely harm the chances of actually providing the needed assistance to the family member and block the potential reunification with that parent. And more often than not, again, an adoption for many of these kids is -- even though that's a goal, that's a hope -- it often doesn't happen, which is why we have such a huge problem with children aging out of care. Gap and assistance. State foster-care agencies are completely dropped.

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think this is a huge first start.

Dan talked a little bit about how this intersects with poverty, and that also ties in to the "why should we care?" issue. And I know that we all here in this room care. But when we're talking to legislators and advocates about why they need to care about this, a lot of it comes down to dollars and cents. These children -- we average about -- let's say about 35,000 a year, who age out of care without having been adopted. These are hugely young people who will end up on public assistance of one sort or another. The statistics say that less than 3% will earn four-year degrees from college. By age 24, less than half of them will become employed in full-time jobs. By age 24, almost 40% of them will experience or have experienced homelessness. Many experience chronic health problems, and up to 85% have mental-health issues, which is very expensive to treat. And, of course, incarceration rates are much higher among these youth than in the general population. That amounts to a lot of money that we spend on these kids after they age out as a result of our failing to prepare them to support themselves and become financially independent. And, of course, when a child is the victim of I.D. theft, as we're talking about here today, that's an additional barrier to them achieving financial independence. Any of you who have experienced or dealt with somebody who has been the victim of I.D. theft or credit fraud -- I know that I have. I was 25, a college graduate, and it was a very daunting process to clear my name and to get my credit repaired. It took I think almost a year and a half or two years. And for me to have had the challenge that I face dealing with that, with all of the support that I had around me and resources, I unfortunately not only can imagine but know how challenging it is to to a foster youth to try to repair that themselves. I -- Let's see. Where is the fleecing report? Dan, can you just... Sorry. Thank you. I'm not gonna go into too much more into detail about the other financial-security issues that face foster youth in too much detail, 'cause I want to focus on the legislation we have in front of us, but I do want to draw your attention to a report that was released earlier this year called "The Fleecing of Foster Children: How We Confiscate Their Assets and Undermine Their Financial Security." It was published by the Children's Advocacy Institute and First Star and goes into great detail about all of the different issues that impact and compromises children's financial security. There are a lot of copies of the report out there, and there are free PDFs that anybody listening to this webcast can have access to through Lisa or the other organizers of this conference. So, let me talk a little bit about what we can do here. We've heard a lot about what the extent of the problem and specifically how it impacts foster children. We need to remember again and again, that in Washington, city of lobbyists, we need to remember how weak and how vulnerable this constituency is. Again, not only don't they

confusing enough to all of us, much less to a 20-year-old or 18-year-old leaving care. It also assists -- makes financial-literacy classes available for kids, as we've heard is being done in a pilot, and their foster parents, if they have foster parents. And it creates individual development accounts for youth when they age out of care with some small amount of seed money to help them pay for their most immediate needs before they age out of care. Really what this all ties into is money, as we know. For so long as our budget talks, deficit-reduction talks continue to include targeting children, vulnerable families, et cetera, and state and local child-welfare budgets are impacted and cut, there will be less and less money to invest in solving the problem when, of course, we need the opposite. So, we are very hopeful that the legislation does pass. It's actually not an expensive bill. It's revenue-neutral at this point. And if anybody -- I encourage you to take a copy of the actual bill, which is outside and can actually be accessed. Thank you. [Applause]

>> Lisa Schifferle: Thanks, Amy. And we'll move right into Howard Davidson's presentation so that we have time for questions at the end. Mr. Davidson is one of the nation's leading experts on children-law issues.

>> Howard Davidson: Thank you very much. I'm going to start with a reminder that when we talk about foster children, we're talking about children for whom we have a collective responsibility, because these are children in the care and custody of the government through no fault of their own, and they really are kids that we should all care about and be working on public policy to better protect. Let me reiterate what some -- what you've already heard, I think, about why foster children are at heightened vulnerability for identity theft. And you've heard some of these things from Lisa, Matt, and Dan, that the personal information is more accessible to a wider range of people. Misuse of their identities is far more likely to go unidentified for longer periods of time. And many children who enter the foster-care system, in fact

to my attention by Russell Butler as I was entering the room this morning. The... And you've already... You've heard this. Foster children generally don't have family advocates like Michelle Denney. You know, parents who will step up and go to the end of the earth to help correct an erroneous credit record. Kids in foster care don't have that family assistance. Child-welfare agencies usually do not look into foster children's possible credit problems, even during the transition period before emancipation. And as you've heard from the former foster youth and her story, if a youth only learns about the theft of their identity after emancipation, it can negatively affect their successful transition to adulthood. I think those of us who have worked on this issue for the last couple of years, including myself, owe a debt of gratitude to a young man by the name of Jesse Ellison. On February 7, 2009, Newsweek published a piece by this young man called "Sabotaged By the System." And I have to admit, that article for the first time -- and I'm, as was mentioned, a child advocate who's been working on legal issues related to the protection of children for well over 30 years -- and I had not really heard about this issue until I read the piece by Jesse Ellison. So, in 2009, after this piece in Newsweek, we we began to talk among advocates about

advocate for them to help them change that number once they turn 18 so

>> Female Speaker: Yes. And we do it also. Not legally, but we work with them, because there is an ability to change it. If there's substantive harm and they don't leave, there will be an inability to change that problem. The other issue I had was... In kids aging out -- and, Amy, you addressed it - there is no one there for them. And that is indeed a problem. And I know in California, working with Joanne McNabb, that we've seen such a frustration about that, that they're not getting the education that they need ahead of time. So thank you for your work.

>> Bethany Case: Thank you. I think we'll take one more quick question in the front row, and then we will -- I'm sorry for everyone else -- we'll take a break.

>> Female Speaker: Yes, I'm very grateful to all of you for your expertise. The foster children's situation provides a really good place to start looking. But, as I was listening, I wrote down some other things, and other children that need this attention, too. Children of divorce, where they're not getting the support and they're not getting the attention or love of one parent. Single parents, children who have been totally abandoned, may not even be acknowledged by anybody on document. Immigrants, abuse victims, and criminal justice children, as well. So there's a whole hidden undercurrent of children that need help. And then I started to think, what common denominator could be a place to start looking for a solution? And the first -- Well, two things -- the law, and secondly, schools seem to be the place where parents or individuals who are concerned or teachers could begin to make a difference to these kids, too.

>> Bethany Case: Thank you. And we will go to break and return here at 11:15. Just remember, if you exit the building, you'll have to come back through security. You may want to stay inside.