

**OPENING REMARKS FOR THE HONORABLE RUBEN HINOJOSA  
HOUSE FINANCIAL SERVICES COMMITTEE  
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT  
“FIGHTING IDENTITY THEFT -- THE ROLE OF FCRA”  
JUNE 24, 2004**

Chairman Bachus and Ranking Member Sanders,

I want to thank you for holding this final non-legislative hearing today to investigate the role of the Fair Credit Reporting Act in fighting Identity Theft. It is necessary that we continue to assess the importance of the national credit reporting system. I look forward to this hearing and the series of hearings this Subcommittee will hold to further clarify the issue.

As I noted at the first hearing, my office was contacted frequently by numerous individuals and groups about the Fair Credit Reporting Act in the first half of this year. I personally heard from industry, consumer groups and several regulators on this issue. Lately, I have not been contacted by industry groups or consumer groups on what they would like included in legislation that likely will be crafted and introduced in the near future. It is my hope that Treasury and the Administration will publish its long-awaited proposals on Identity Theft and the FCRA, perhaps as soon as this week. Most of us realize that language has been available at the Treasury Department, but the White House has been taking its time deciding what position to take on Treasury's proposal while also watching closely the developments in the House and the hearings in the Senate.

In 2001, more than 117,000 complaints from identity theft victims were added to the FTC's database, the Identity Theft Data Clearinghouse. In 2002, those complaints increased by almost 162,000. According to FTC Chairman Beales, the dramatic increase may reflect a growing awareness of consumers about identity theft. Consumers who call the FTC hotline receive telephone counseling from specially trained personnel who provide general information about identity theft and help guide victims through the steps needed to resolve the problems resulting from the misuse of their identities. Consumers are advised to contact the three national consumer reporting agencies and have a fraud alert placed in their file; close accounts identity thieves have accessed and dispute unauthorized charges; and report the theft to the police and get a police report.

Identity theft occurs when a consumer's social security number, credit card number, or name is used without his or her knowledge to open fraudulent credit, telecommunications, or utility accounts-or to use already existing accounts. It can also occur when an individual's name is used unknowingly to pass bad checks, or to get loans, jobs, or obtain housing.

This crime potentially affects every consumer and all sectors of the financial services industry including financial institutions, credit card companies, insurance companies, mortgage companies and hospitals.

The theft can be carried out over the telephone, by computer hacking into an individual's confidential files, or by stealing hard copies of a company's billing information. The victim of the theft usually doesn't realize the information has been stolen until some time later. As a result these crimes could be used to support terrorism, among other criminal activities.

Today, I cosponsored H.R. 2035, the 'Identity Theft and Financial Privacy Protection Act of 2003,' introduced by Congresswoman Hooley, the Chair of the Democratic Task Force on Identity Theft on which I serve. The Task Force investigated the exploding problem of identity theft, the fastest-growing white-collar crime in America, and other financial crimes. I decided to cosponsor Congresswoman Hooley's legislation because it contains strong provisions that will help fight identity theft. Those provisions include:

- amending the Truth in Lending Act to require credit card companies that receive a request for a new card less than 30 days after they have received a notification of a change of address for the same account to notify the cardholder at both the new and old address using rules prescribed by the Fed, thus allowing issuers to adapt to changing technologies;

- codifying the voluntary practice of credit reporting agencies to include a "fraud alert" in the file of a consumer at the consumers request;

- requiring credit reporting agencies to investigate discrepancies between creditor information and credit bureau information;

- requiring that by January 2006 all electronically printed credit card receipts are truncated so that only the last five digits of the card number are printed; and,

- requiring credit reporting agencies to distribute one free credit report annually to each American consumer at their request.

These provisions and this bill are extremely important to Texas, which ranks third in the number of Identity Theft complaints reported to the FTC.

I have said in the past that one of the main decisions we, as a Committee, needed to make is whether to extend all seven exceptions to the Fair Credit Reporting Act that preempt state law, just some of the exceptions, or none of them. They all expire January 1, 2004.

On June 11, 2003, I and several New Democrats cosigned a letter to Chairman Oxley and Ranking Member Frank looking towards their leadership to ensure that legislation extending the seven expiring provisions of the Fair Credit Reporting Act (FCRA) is passed by the House and Senate before their termination on January 1<sup>st</sup> of next year. I believe that these seven provisions enhance the efficiency of the nation's credit system, promote access to the financial industry, protect American consumers, and I am firmly committed to extending them.

In turn, we sent a letter to Treasury Secretary Snow and to the White House asking them to finally propose their FCRA and Identity Theft legislation. To date, we have yet to receive a response.

As our letter to Chairman Oxley and to Ranking Member Frank states, it is imperative that any legislation that the Majority introduces or the Administration produces address the following issues:

- Identity theft prevention and mitigation;
- The expeditious handling of consumer complaints and disputes;
- Greater accuracy in credit reports; and,
- Consumers' access to their credit information.

As I have stated before, I will continue to work with all interested parties to ensure that the final legislation is balanced and fair. I look forward to today's testimony and to the legislative hearings to follow in July.