

**SOCIAL SECURITY ADMINISTRATION'S RESPONSE
TO THE SEPTEMBER 11 TERRORIST ATTACKS**

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

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**SOCIAL SECURITY ADMINISTRATION'S RE-
SPONSE TO THE SEPTEMBER 11 TERRORIST
ATTACKS**

THURSDAY, NOVEMBER 1, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:00 a.m., in room 2200 Rayburn House Office Building, Hon. E. Clay Shaw, Jr., (Chairman of the Subcommittee) presiding.

[The advisory and the revised, revised #2, and revised #3 advisories follow:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
October 11, 2001
No. SS-9

CONTACT: (202) 225-9263

Shaw Announces Hearing on the Social Security Administration's Response to the September 11 Terrorist Attacks

Congressman E. Clay Shaw, Jr., (R-FL), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the Social Security Administration's response to the September 11 terrorist attacks. **The hearing will take place on Thursday, October 18, 2001, in room B-318 Rayburn House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee and for inclusion in the printed record of the hearing.

BACKGROUND:

Social Security survivor and disability benefits are available for the families of those who lost their lives and to those who suffered severe injuries as a result of the terrorist attacks at the World Trade Center, the Pentagon, and in Pennsylvania on September 11, 2001. The Social Security Administration (SSA) established special emergency handling procedures for all claims in response to these incidents. The number of related claims continues to grow with over 3,150 claims received through October 1. The SSA personnel continue to staff family assistance centers at the site of the Pentagon attack and in both Manhattan and New Jersey. In order to facilitate claims-taking, and to educate victims and their families about Social Security's benefits, SSA is continuing its outreach efforts to area hospitals and employers.

Along with helping victims and their families, SSA has faced certain operational impacts in the greater Manhattan area. Most affected offices have resumed operations, and those disability hearings which were postponed are being rescheduled. The New York Disability Determination Service Director is awaiting permission to recover an estimated 15,000 case folders from their office located a quarter-block from the World Trade Center.

Beyond responsive service delivery, ensuring the integrity of Social Security's programs can play a role in the prevention of any future terrorism. Identification documents are critically important to terrorists, and the key to such documents is the Social Security number (SSN). The integrity of the SSN application process must be ensured to the maximum degree possible because of the fundamental role it can play in helping unscrupulous individuals steal identities and obtain false identification documents. In addition, SSA's Office of the Inspector General must have the support it needs to effectively investigate fraud and SSN misuse, quickly and accurately identify suspects—including those who may be suspected of terrorism, and share needed information with other law enforcement.

In announcing the hearing, Chairman Shaw stated: "SSA employees are to be commended for their responsiveness to the victims of the terrorist attacks of September 11 and for their ongoing assistance in the resulting Federal investigations of these heinous crimes. We must focus now on what we can do to protect the integrity of the Social Security programs and deter future incidents. Early reports that

the hijackers have stolen others' identities to evade and frustrate law enforcement officials highlight our challenge to prevent identity theft, that often centers around the stealing of SSNs. The bipartisan 'Social Security Number Privacy and Identity Theft Prevention Act' (H.R. 2036), introduced earlier this year, restricts the sale and public display (including internet) of SSNs by both the public and private sector and enforces such restrictions through civil and criminal penalties. Through this hearing, we will hear whether we need to do more."

FOCUS OF THE HEARING:

During the hearing, witnesses will provide information on how the SSA has served the victims and families of the terrorist acts, how operations have been impacted, and how the agency has supported resulting Federal investigations. In addition, witnesses will discuss the degree to which changes may be needed within the agency and the law to ensure the integrity of Social Security programs.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record of the hearing should *submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and hearing date noted on a label*, by the close of business, Thursday, November 1, 2001, to Allison Giles, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Social Security office, room B-316 Rayburn House Office Building, by close of business the day before the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, typed in single space and may not exceed a total of 10 pages including attachments. **Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.**

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "<http://waysandmeans.house.gov/>".

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

* * * NOTICE—HEARING POSTPONEMENT * * *

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
October 11, 2001
No. SS-9-Revised

CONTACT: (202) 225-9263

**Postponement of Subcommittee Hearing on
the Social Security Administration's Response to
the September 11 Terrorist Attacks
Thursday, October 18, 2001**

Congressman E. Clay Shaw, Jr., (R-FL), Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, today announced the Subcommittee hearing on the Social Security Administration's response to the September 11 terrorist attacks, previously scheduled for Thursday, October 18, 2001, at 10:00 a.m., in room B-318 Rayburn House Office Building, **has been postponed and will be rescheduled at a later date.**

* * * NOTICE—HEARING RESCHEDULED * * *

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
October 25, 2001
No. SS-9-Revised #2

CONTACT: (202) 225-9263

**Rescheduled Hearing of the
Subcommittee on Social Security on the
Social Security Administration's Response
to the September 11 Terrorist Attacks
Thursday, November 1, 2001**

Congressman E. Clay Shaw, Jr., Chairman of the Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee hearing on the Social Security Administration's response to the September 11 terrorist attacks previously scheduled for Thursday, October 18, 2001, **will now be held on Thursday, November 1, 2001, at 10:00 a.m., in room B-318 Rayburn House Office Building.**

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please note: Due to the change in House mail policy, any person or organization wishing to submit a written statement for the printed record of the hearing should contact the Subcommittee on Social Security at (202) 225-9263 by the close of business, Thursday, November 15, 2001. Those filing written statements who wish to have their statements distributed to the press and interested public at the hearing should contact the Subcommittee on Social Security at (202) 225-9263 by close of business the day before the hearing.

All other details for the hearing remain the same. (See Subcommittee Advisory No. SS-9, dated October 11, 2001.)

* * * NOTICE—CHANGE IN LOCATION * * *

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
October 31, 2001
No. SS-9-Revised #3

CONTACT: (202) 225-9263

Change in Location for Subcommittee Hearing on the Social Security Administration's Response to the September 11 Terrorist Attacks

Congressman E. Clay Shaw, Jr., (R-FL), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee hearing on the Social Security Administration's response to the September 11 terrorist attacks, previously scheduled for Thursday, November 1, 2001, at 10:00 a.m., in room B-318 Rayburn House Office Building, **will now be held in room 2200 Rayburn House Office Building.**

All other details for the hearing remain the same. (See Subcommittee Advisory No. SS-9, dated October 11, 2001, and No. SS-9-Revised #2, dated October 25, 2001.)

Chairman SHAW. Good morning. I want to thank the Foreign Affairs Committee for allowing us to use their room. I think it is quite appropriate because of the subject of the hearing that we have this morning.

Today we focus on the Social Security Administration's (SSA's) response to the tragic events of September 11. As we mourn the loss of so many Americans, the best of our great Nation have stepped forward to assist those injured and the families of those who were lost. Many of the victims were eligible for Social Security

survivor or disability benefits, and employees of the Social Security Administration responded with urgency, dedication, and with great compassion.

Today the Acting Commissioner of Social Security will detail the Administration's diligent efforts to respond to the victims of those heinous attacks. And also this morning the Inspector General (IG), Jim Huse, will discuss how the theft of Social Security numbers may have helped harbor terrorists in our own country.

Countless hours of investigations by IG agents have provided key identifying information on these terrorists and their networks. Law enforcement officers, local police, Federal Bureau of Investigations (FBI), Secret Service, and Social Security Administration Office of Inspector General have worked in concert since the attack to identify the terrorists, their enabling thugs, and others who are suspect.

The events of September 11 have changed all of us, perhaps forever. Yet our resolve to respond is unyielding, and we learn today more about the terrorists' methods. Investigations have found that some of the terrorists assumed identities using Social Security numbers (SSNs) to execute their plans and to frustrate law enforcement efforts.

The activities of the terrorists highlight the need for us to be vigilant in ensuring the integrity of the Social Security number application process, protecting the privacy of Social Security numbers, and preventing identity theft.

This year, I, along with several of my Committee colleagues, introduced H.R. 2036, the Social Security Number Privacy and Identity Theft Prevention Act of 2001. This bipartisan bill represents a balanced approach to protecting the privacy of Social Security numbers while allowing for their legitimate use. It restricts the sale and public display of Social Security numbers by both the public and private sector and enforces such restrictions through civil and criminal penalties. Passage of this legislation would be a step in the right direction. Today we will learn whether there is more that we can do.

Social Security is called upon after a crisis to assist victims, and this role is paramount. I count the employees of the Social Security Administration and the Office of Inspector General among our Nation's best, and we thank them for their ability to serve the public good no matter how difficult.

But now we must look to the future. Having a secure system is critical to preventing future attacks. Social Security numbers have become the most frequently used personal identifier and are far too easily used by criminals or terrorists to steal identities and obtain false documents. We must act to protect the privacy of Americans' Social Security numbers. It is a necessary step in our Nation's response to terrorism.

I note in yesterday's Washington Times, in Charlotte, North Carolina, a man was charged with attempting to obtain a credit card under the name of a victim killed in the September 11 attack on the World Trade Center. This I think is a new low. This is incredible, and certainly this alone should spur us along to move ahead with this legislation.

I now yield to Mr. Matsui.

[The opening statement of Chairman Shaw follows:]

Opening Statement of the Hon. E. Clay Shaw, Jr., a Representative in Congress from the State of Florida, and Chairman, Subcommittee on Social Security

Today we focus on the Social Security Administration's response to the tragic events of September 11th.

As we mourn the loss of so many Americans, the best of our great nation have stepped forward to assist those injured and the families of those who were lost. Many of the victims were eligible for Social Security survivor or disability benefits, and employees of the Social Security Administration responded with urgency, dedication, and compassion.

Today, the Acting Commissioner of Social Security will detail the Administration's diligent efforts to respond to the victims of these heinous attacks. And also this morning, Inspector General Jim Huse will discuss how the theft of Social Security numbers may have helped harbor terrorists in our own country.

Countless hours of investigation by IG agents have provided key identifying information on these terrorists and their networks. Law enforcement officers—local police, FBI, Secret Service, and the Social Security Administration's Office of Inspector General—have worked in concert since the attacks to identify the terrorists, their enabling thugs, and others who are suspect.

The events of September 11 have changed all of us, forever. Yet, our resolve to respond is unyielding. As we learn more about the terrorists' methods, investigators have found that some of the terrorists assumed identities, using Social Security numbers to execute their plans and to frustrate law enforcement efforts. The activities of the terrorists highlight the need for us to be vigilant in ensuring the integrity of the Social Security number application process, protecting the privacy of Social Security numbers, and preventing identity theft.

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Social Security is called upon after a crisis to assist victims, and this role is paramount. I count the employees of the Social Security Administration and the Office of Inspector General among our nation's best, and we thank them for their ability to serve the public good, no matter how difficult.

But, now we must look to the future. Having a secure system is critical to preventing future attacks.

Social Security numbers have become the most frequently used personal identifier, and are far too easily used by criminals or terrorists to steal identities and obtain false documents. We must act to protect the privacy of Americans' Social Security numbers. It is a necessary step in our nation's response to terrorism.

Mr. MATSUI. Thank you very much, Mr. Chairman. I want to first of all thank you for calling this hearing. I think it is very timely and obviously very important, and I also want to thank you very much for your bipartisan approach on the whole issue of the identity of Social Security numbers, and how to protect the privacy of those that have these numbers I think is extremely important. And we appreciate the fact that you and your staff have outreached to our staff on this particular issue. I appreciate it very, very much.

I would like to first of all thank Acting Commissioner Larry Massanari and his staff, obviously the Inspector General's Office, and all of the employees of the Social Security Administration.

I would like to also just mention two witnesses who will be testifying this morning who have done really an outstanding job. One is Bea Disman from New York, and Laurie Watkins of the Phila-

delphia Region, both of whom, obviously, because of the deaths that occurred as a result of September 11 in both Pennsylvania and New York, have done really an outstanding job with their staff. And we just want to thank them very much as a result of that.

This was an unprecedented situation. All of us at this dais and in the audience will remember this just as we recall Pearl Harbor, John Kennedy's assassination, and FDR's death. This September 11 date will be a historic date, and all of you have really come through and made sure that those victims and the families of victims have been helped greatly by this very difficult situation. And over 4,000 people now are about to receive or have received either survivor's benefits or disability benefits, and that couldn't have happened without the dedication of our Federal work force. And all of you really epitomize what this country is really all about and the greatness of this country.

I would also just like to, if I may, make one other observation. I think it is important to note that because of the Social Security system, a family with two minor children will receive over the lifetime of that family over \$400,000 in Social Security benefits. Now, that will not take care of the loss of life that occurred. It will not, obviously, take care of the loss of comfort. On the other hand, it will give that family at least some opportunity to get back on its feet and perhaps get on with their lives in the best possible way.

For a disabled individual, that family would receive, with the head of the household being disabled, about \$350,000 under the current Social Security system, and it really demonstrates the greatness of this system. And all of the employees of the administration who are administering the program, you will at least give some comfort to the lives of those Americans who have suffered so severely by this tragic moment in American and world history. We want to again thank you for that.

Mr. Chairman, again, I want to thank you and commend you for holding this hearing today, and I look forward to Representative Kelly from New York and, obviously, the other witnesses as well.

Chairman SHAW. Thank you, Bob, and it is a pleasure to be working in a bipartisan way, which is sometimes too rare in this Committee as well as other committees.

As our first witness, we have our colleague, Sue Kelly, from the State of New York. We have your full statement, which will be placed in the record, and you may proceed as you see fit. Welcome to the Committee.

**STATEMENT OF HON. SUE W. KELLY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK**

Mrs. KELLY. Thank you very much. Chairman Shaw, Congressman Matsui, and members of the Subcommittee, I thank you for allowing me to testify here today on this subject.

The Financial Services Subcommittee on Oversight and Investigations, of which I am the chairman, has investigated the issue of timely release of death information by the Social Security Administration to the financial services industry and its links to identity theft. I appreciate this opportunity to review the problems we have found and discuss the potential solutions with your Subcommittee.

According to the Federal Trade Commission, identity theft was the top consumer complaint received last year, with the rate of complaints and inquiries increasing at an alarming rate with the widespread use of the Internet technology. Numerous examples of organized identity theft, with great cost to the victims, retailers, and lenders, can be found all around our country.

In addition, the families of the recently deceased are especially vulnerable because they are so engaged in the aftermath of the death that steps are not taken to properly protect the deceased's Social Security number and to monitor the deceased's accounts.

Last year, two felons—James Jackson and Derek Cunningham—assumed the identities of numerous executives, living and deceased, and purchased over \$730,000 worth of gems and watches using credit they obtained using the stolen identities. The victims included senior executives of some of America's best-known companies, such as Coca-Cola, Lehman Brothers, Hilton Hotels, and Wendy's International. The deceased chairman of Wendy's had been dead for only 10 days when the Jackson gang stole his Social Security number and misused it. Fortunately, the law caught up with them, and they are awaiting sentencing in New York City.

Staff of the Financial Services Committee met with officials of the Social Security Administration to begin a review of the process by which Social Security numbers of the deceased are transmitted to the financial services industry for permanent deactivation. As you may know, the SSA updates the Death Master File and sends it by magnetic tape through regular mail to another Federal government agency each month for commercial distribution. That agency makes copies of the original tape and, again, mails out copies to the subscribers. Now, obviously, this is going to be a long process. It is all done by snail mail.

The Financial Services Committee has concluded that this is an antiquated process that creates a window of opportunity for tech-savvy criminals. And I know you agree that this process, which can take well over 30 days from the time of death, is completely outdated when we can securely and instantly update information through the Internet.

Most recently, however, we learned that this issue is now a matter of our national security and safety. This Washington Post article from Saturday, September 29, states that Lofti Raissi, held by the British on suspicion that he trained four of the hijackers, had used the Social Security number of a New Jersey woman who has been dead for 10 years. You take this issue of timely release and use the Social Security information to a new level. I think that this requires immediate action.

As you, Mr. Chairman, pointed out, the newspapers have reported now a man that attempted about October 2 to steal the identity of a victim of the World Trade Center of September 11. It was only from September 11 to October 2 that it took for this man to get that Social Security number and try to fake that ID.

I would like to know if I could insert both of these in the record, with your permission.

Chairman SHAW. Without objection.

[The articles follow:]

U.S. Develops Picture of Overseas Plot

Hijackers Spent \$500,000; at Least 4 Trained in Afghan Camps

By Dan Eggen and Bob Woodward
Washington Post Staff Writers
Saturday, September 29, 2001; Page A01

The terrorists who carried out the Sept. 11 attacks were bankrolled with \$500,000 from overseas that financed an operation planned and launched several years ago in Germany, with crucial support in Britain, the United Arab Emirates and Afghanistan, senior government officials have concluded.

U.S. investigators have determined that at least four of the 19 suspected hijackers were trained at camps in Afghanistan run by Osama bin Laden, whose al Qaeda network is believed responsible for the assaults on New York and Washington. They also have tentatively concluded there are links between bin Laden and most of the other hijackers, according to information gathered by the Justice Department, FBI and CIA.

Government investigators are becoming increasingly convinced that one or two other hijackings were in the works, officials said, and are focusing on three men in U.S. custody who received flight training. One was detained while seeking flight simulator training in Minnesota before the hijackings, and two others were arrested on a train in Texas after departing on a jet that was grounded after the attacks, sources said.

Government officials said other people in the United States might have provided minor assistance or had knowledge that a terrorist operation was underway. But the FBI has found little evidence so far that the teams of hijackers received much support here, sources said.

"There seems to be no U.S. mastermind," one official said.

The Justice Department has cast a global dragnet over the last two weeks in a hunt for accomplices. It is narrowing its criminal investigation to a number of individuals and is beginning to formulate criminal charges that could be filed against them, sources said. But a senior Justice official declined to predict when the first indictment might be handed down.

"We are past the first phase, and we are beginning to sharpen and focus the investigation," one Justice official said. "You don't get smoking guns in a case like this. The key is going to be in the details, in putting together the pieces, and we've gone a long way to doing that.... We're looking with particularity at a number of people."

The disclosures provide the most complete picture yet of the direction and scope of the U.S. investigation into the deadliest terror attack in American history, which has left 6,500 people missing or dead in New York, Washington and Pennsylvania. The hijackings have led to arrests on every continent but Antarctica.

In tracing \$500,000 flowing into U.S. bank accounts used by Mohamed Atta and other suspected Members of the hijacking teams, the FBI has documented numerous large cash withdrawals and a long trail of hotels, rental cars and airplane trips that largely dispel any notion of an austere plot, a senior government official said. Previous reports have said the attacks cost no more than \$200,000.

Some of the money used to prepare the attack has already been linked to accounts in the Middle East, the source said, and investigators have documented instances of simultaneous withdrawals from the same account in different cities.

"This was not a low-budget operation," the official said. "There is quite a bit of money coming in, and they are spending quite a bit of money."

Investigators are convinced that the details of the terror plot were hatched in Hamburg, Germany, where Atta and two other suspected hijackers, Marwan Al-Shehhi and Ziad Samir Jarrah, are believed to have run a terrorist cell out of a second-floor student apartment.

The FBI is doubling its contingent of agents working on the investigation in Germany, in the belief that the trail will lead from there to the Middle East, one official said. The initial concept for the Sept. 11 attacks likely came from Afghanistan, where bin Laden is believed to be hiding, another official said.

Investigators have found that the suspected leaders in the plot moved in and out of the United States beginning at least 18 months ago, with lower-level hijackers not arriving until this year. Atta returned to Germany at least twice after arriving in the United States, a source said.

"There were two groups on each plane," one senior official said. "You've got the brains, who are the pilots and the leaders, and then you have the muscle coming in later on. They were the ones who held the passengers at bay."

The FBI is deeply suspicious of the circumstances surrounding three key men who have been detained in the case. Zacarias Moussaoui was taken into custody in Min-

nesota in August after he attempted to pay cash to learn how to steer, but not take off or land, a jumbo jet.

Moussaoui is not cooperating with authorities.

Two others, Mohammed Jaweed Azmath and Ayub Ali Khan, were detained on an Amtrak train Sept. 12 in Fort Worth with hair dye, large amounts of cash and box-cutter knives like the ones used in the hijackings. The men, who had lived in Jersey City, had flown on a plane from Newark to St. Louis that was grounded after the attacks. Both men had flight training, one source said.

FBI agents have combed the passenger manifest on that flight and have not found anyone else who is believed to be a potential hijacker, an official said.

Adding another important element to the global investigation, British authorities yesterday accused an Algerian pilot of training four of the hijackers, including the apparent pilot of the jet that crashed into the Pentagon.

During an extradition hearing in London, British prosecutor Arvinda Sambir suggested that Lotfi Raissi, 27, may have been a knowing participant in the terrorist plot, and that U.S. authorities might charge him with conspiracy to murder.

"The hope is that he will be able to tell us who planned what and when," added one senior U.S. official.

However, the British prosecutor left open the possibility that Raissi may have instructed the hijackers at an Arizona flight school without knowing their intentions. Defense lawyer Richard Egan said Raissi "adamantly denies any involvement in the recent appalling tragedies."

In a sign of U.S. investigators' intense interest in the case, eight FBI agents attended the hearing at Bow Street Magistrates' Court. The court ordered Raissi held in jail for another week, pending a second hearing on the U.S. extradition request.

The original request, issued June 19, said Raissi had given false information on an application for a U.S. pilot's license. Now, authorities want to pursue his alleged connections with the hijackers.

Dressed in a white track-suit top and pants, Raissi spoke only to confirm his name during the brief hearing.

Sambir said that Raissi, who was arrested in Britain last week, had visited the United States several times this year. The evidence against him, she said, includes a videotape of him flying on June 23 from Las Vegas to Phoenix with Hani Hanjour, who is believed to have been the pilot of American Airlines Flight 77, the plane that hit the Pentagon.

In June, Hanjour was a Member of the flight simulator club of the Sawyer School of Aviation in Phoenix, according to the school's spokeswoman. Raissi was also a Member of the Phoenix flight simulator club for 5 months this year and used a flight simulator at a Phoenix area airport at the same time as Hanjour, according to the aviation school.

"He was a lead instructor of four of the pilots that were responsible for the hijackings," Sambir said in court. "We say he was there to ensure that the pilots were capable and trained for this purpose," she added.

Raissi received a U.S. commercial pilot's license in January 1999, with a rating to fly a Boeing 737. Two days later, he was certified as a ground instructor, and in March 1999, he received a license to be a flight instructor.

Raissi lived in a Phoenix apartment complex and listed himself as both a student and employee at Westwind Aviation Academy, a flight school at the Phoenix Deer Valley Airport, according to the East Valley Tribune, a Mesa, Ariz., newspaper. Raissi has said he trained at Westwind in 1997 and 1998, according to documents the FBI showed to another local flight school director.

Westwind was acquired 2 years ago by Pan Am International Flight Academy, a Florida company. Todd Huvad, a vice president at Pan Am International, said the company was cooperating with the FBI but would not release any information to the press.

Last week, police searched Raissi's apartment in the village of Colnbrook, Berkshire, near London's Heathrow airport, and took a flight manual and a pilot's log-book that had several pages torn out, authorities said.

In an odd twist, a database search of public records shows that Raissi had used the Social Security number of a Jersey City woman who died in 1991. The woman, Dorothy Hansen, was a retired factory worker.

Hansen's grandson, Carl G. Hansen III, 37, said he had never heard of Raissi. Joyce Mastrangelo, Dorothy Hansen's daughter, said she was astounded.

"Oh my God, how did he get that?" Mastrangelo said. "My mother has been dead 10 years."

In other developments yesterday:

- Attorney General John D. Ashcroft released a four-page letter in Arabic that was found among the belongings of men on three of the hijacked jetliners. The letter

includes Islamic prayers, speaks of death for a glorious cause, and reminds the reader not to forget his knives and passport.

The letter, first detailed in yesterday's Washington Post, demonstrates how the Muslim hijackers "grossly perverted the Islamic faith," said Ashcroft, who repeated that Muslims in the United States "deserve dignity and respect."

Identical letters were discovered in three places. One was found inside a car parked at Dulles International Airport, starting point of the flight that crashed into the Pentagon. The second was found at the Pennsylvania crash site of United Flight 93. The third was found in the Boston luggage of Atta, who was aboard one of the planes that plunged into the World Trade Center.

- Ashcroft said more than 480 people have been arrested or detained during the first 18 days of a quest he has called the largest criminal investigation in the nation's history.

Although bin Laden has been identified by President Bush as the sponsor of the Sept. 11 attacks, Ashcroft said investigators "have not ruled out the participation of any individual or any organizations in this attack."

- FBI Director Robert S. Mueller III contested reports that FBI agents have posed questions about political beliefs to Muslims, Sikhs and Arab Americans who have been stopped or detained as part of the investigation. He said questioning focuses on relationships with the 19 suspected hijackers and their associates, and "may cross over into relationships that may have sprung out of attendance at, for instance, religious meetings. But there is no effort to delve into either the political or the religious beliefs of individuals."

- In Cedar Rapids, Iowa, the Secret Service arrested Youssef Hmimssa, who had been wanted under the alias Jalali. Authorities said they believe he may have knowledge of a terrorist threat against former defense secretary William Cohen.

Hmimssa was indicted Thursday, along with two other men, by a Federal grand jury in Detroit on two counts of fraud. During a Sept. 18 search of a Detroit apartment, FBI agents seized false immigration papers and a fake passport bearing the name Michael Saisa and a picture believed to be that of Hmimssa or Jalali, two of five aliases cited by authorities. He was also wanted in Chicago on charges of financial-related fraud and false identification charges.

Agents also found a day planner that refers to the "American defense minister" and contains an apparent sketch of the U.S. air base in Incirlik, Turkey. Cohen canceled a visit to Incirlik last December after learning of a "credible threat against him," according to a former Department of Defense officials.

Special correspondent Adi Bloom in London; staff reporters Sari Horwitz, Lena Sun, Scott Higham, Fredrick Kunkle, Allan Lengel, Peter Slevin and Marcia Slacum Greene, and researchers Bobbye Pratt and Margot Williams contributed to this report.

Man indicted for attempting to steal identity of WTC victim

heraldsun.com
By The Associated Press
October 31, 2001 8:16 am

GREENSBORO—A North Carolina man has been indicted on charges he tried to steal the identity of someone killed in the terrorist attack at the World Trade Center.

The U.S. Secret Service arrested Jermaine Lamar McCall, 20, of Laurel Hill, on Friday after he was indicted on charges of making false statements to a bank and identity theft. U.S. Attorney Benjamin H. White Jr. announced the indictment Tuesday.

The indictment, handed down by a Federal grand jury in Greensboro, charges that on or about Oct. 2, McCall applied for a Citibank credit card using the name, Social Security number and birth date of a victim of the Sept. 11 attacks.

The false statement to a bank charge carries a maximum possible penalty of 30 years in prison and a \$1 million fine. The identity theft charge carries a maximum penalty of 3 years in prison and a \$250,000 fine.

Mrs. KELLY. The chairman of the Financial Services Committee, Representative Mike Oxley, and I agree: Whether someone has been dead for as little as 10 days or as long as 10 years, that Social Security number should never be available for illegal use, and the

financial services industry should have the knowledge of the death and the ability to apply it right away. We must stop crooks and terrorists from so easily using someone else's Social Security number to obtain credit or verify a false identity. That is why we asked the Social Security Administration to take a fresh look at the way they release Social Security numbers of the deceased and asked that the U.S. General Accounting Office (GAO) quickly review the issue, including the industry's use of death information. We have to throw open the doors, we have to cut the red tape, and we have to tear down these barriers to preventing identity theft. We have to make sure that we can know who these people really, truly are. It is important that you are having this hearing today.

We have to ensure at the very least that the industry can readily distinguish inactive Social Security numbers from active ones, starting with the transmission from SSA to the financial services industry almost immediately after death. The GAO briefed senior staff of your Subcommittee and mine last week on their initial progress in response to our letter. They have already found areas for improvement, and we look forward to holding a joint Subcommittee hearing with you, Mr. Chairman, in the very near future to review this issue in more detail. I speak for the Committee chairman and for all Members of the Financial Services Committee in pledging to work with you toward a permanent solution to this problem.

I have a copy of the September 29 article from the Washington Post, as well as the letters that we have written to the SSA, the GAO, the Committee's press release of October 5, and the October 18 response of the Social Security Commissioner to this inquiry, and I ask unanimous consent that all of this be included in the record.

I thank you again for the opportunity to testify, and I am glad to take any questions you may have.

[The information follows:]

U.S. House of Representatives
Washington, DC 20515
October 3, 2001

Mr. Larry G. Massanari, Acting Commissioner
Social Security Administration
500 E. Street, SW
Washington, DC 20254

Dear Acting Commissioner Massanari:

We need your immediate action to protect the American people from the theft of a deceased's Social Security number. Such a theft now appears to have played a role in the terrorists' attacks on our country on September 11. Social Security numbers have become too easy for criminals to use to commit fraud, and it is too difficult for regulated finance companies to prevent fraud using stolen numbers.

A Washington Post article on Saturday, September 29, reported that a man suspected of training four of the terrorists who hijacked the airliners on September 11 used the Social Security number of a New Jersey woman who died **in 1991**. The woman's relatives had never heard of the suspect and were astounded at the use of the Social Security number 10 years after the woman's death. It appears from the published report that the Social Security number was included in the Death Master File released regularly by your office.

For several months, the Committee on Financial Services has investigated the process of collecting and distributing information on deaths and is concerned that the current notification system may be outdated, inefficient, and untimely. We have studied other cases of identity theft and heard from numerous constituents who suffered fraud perpetrated through the identity theft of a recently deceased family Member. Fraud losses in just one case totaled more than \$730,000, because the fi-

financial institutions involved did not receive timely notice of the victims' deaths. In each case, the fraud could have been prevented, or at least limited, through a more timely and targeted release of the Death Master File.

However, in light of the Washington Post report, the need to ensure the immediate and permanent deactivation of deceased's Social Security numbers is greater than ever. It is now a matter of the protection of our national security and the safety of each and every American.

We need to get used Social Security numbers to the credit bureaus and credit card issuers much more quickly to prevent future incidents. At a time when instantaneous and secure updating of information through the Internet has become a routine practice, we fail to see why it should take well over a month before the financial services industry receives a deceased's name and Social Security number in a complete and official file. We also need to ensure that such numbers can never be used again to obtain credit, obtain funds in any way, or improperly verify another person's identity.

Please contact us by October 19 to let us know how these concerns can be addressed, and whether any additional congressional action is necessary to facilitate your efforts. We also plan further follow-up on the timeliness of the collection of death information and how financial institutions could better use the information upon distribution without creating opportunities for additional fraud or a criminal purpose. We are also requesting that the General Accounting Office immediately begin a review of the matter and provide recommendations for action by SSA and the financial services industry.

Sincerely,

Michael G. Oxley
Chairman
Committee on Financial Services
Marge Roukema
Vice-Chair
Committee on Financial Services
Sue W. Kelly
Chairwoman
Subcommittee on Oversight and Investigations

U.S. House of Representatives
Washington, DC 20515
October 3, 2001

Hon. David M. Walker
Comptroller General of the United States
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Comptroller Walker:

We need your immediate action to protect the American people from the theft of a deceased's Social Security number. Such a theft now appears to have played a role in the terrorists' attacks on our country on September 11. Social Security numbers have become too easy for criminals to use to commit fraud, and it is too difficult for regulated finance companies to prevent fraud using stolen numbers.

A Washington Post article on Saturday, September 29, reported that a man held in Great Britain, and suspected of training four of the terrorists who hijacked the airliners on September 11, used the Social Security number of a New Jersey woman who died **in 1991**. The woman's relatives had never heard of the suspect and were astounded at the use of the Social Security number 10 years after the woman's death. It appears from the published report that the Social Security number was included in the Death Master File, raising the question how the suspect improperly re-used the number.

For several months, the Committee on Financial Services has investigated the process of collecting and distributing information on deaths and concluded that this notification system is outdated, inefficient, and untimely. We have studied other cases of identity theft and heard from constituents who suffered fraud perpetrated through the identity theft of a recently deceased family Member. Fraud losses in just one case totaled more than \$730,000, because the financial institutions involved did not receive timely notice of the victims' deaths. In each case, the fraud could have been prevented, or at least limited, through a more timely release of the Death Master File.

However, in the wake of news that a deceased's Social Security number might have been used by a suspect in the deadly acts inflicted on our country, the need to ensure their immediate and permanent deactivation is greater than ever. It is now a matter of the protection of our National security and the safety of each and every American.

We need to get the Social Security numbers to the credit bureaus and credit card issuers much more quickly to prevent another such incident. At a time when instantaneous and secure updating of information through the Internet has become a routine practice, we fail to see why it should take well over a month before the financial services industry receives a deceased's name and Social Security number in a complete and official file. We also need to ensure that such numbers can never be used again to improperly obtain credit or funds in any way or to verify another person's identity.

Accordingly, we are asking GAO to examine the full process of gathering and distributing death information, recommend how to accelerate it and how to permanently deactivate such numbers. Specific areas of inquiry should include, but not be limited to, the following: (1) How much time does each stage of the process take, from initially gathering the information to the receipt of the DMF by subscribers? (2) What actions could be taken to ensure more timely collection and transmittal to financial institutions to reduce the potential for fraud? (3) Would it be possible for the SSA to update the master death list on a daily or weekly basis with an immediate electronic transfer to the NTIS, or to the financial services industry without NTIS's involvement? (4) What steps need to be taken by SSA and the financial services industry to ensure that such numbers are never used again?

Please provide the Committee staff with the information and recommendations you have developed on the subject by Friday, October 19. Due to the critical impact of identity theft on our National security, we are asking that you place this review ahead of all others requested by the Committee.

Sincerely,

Michael G. Oxley
Chairman
Committee on Financial Services
Marge Roukema
Vice-Chair
Committee on Financial Services
Sue W. Kelly
Chairwoman
Subcommittee on Oversight and Investigations

CURRENCY

Committee on Financial Services
Michael G. Oxley, Chairman

For Immediate Release:
Friday, October 5, 2001

CONTACT: Peggy Peterson at 226-0471

**Oxley, Roukema, Kelly Seek to Prevent Identity Theft
by Terrorists and Criminals,
Urge Quick government Action to Close Loophole**

Seeking to prevent identity theft and financial fraud, House Financial Services Chairman Michael G. Oxley (OH), Vice Chairwoman Marge Roukema (NJ), and Oversight and Investigations Subcommittee Chairwoman Sue Kelly (NY) today revealed a government loophole that makes identity theft easier. They called on the Social Security Administration (SSA) to take quick action to close it.

The Members have discovered a lapse in SSA practices that Oxley says "presents an engraved invitation on a silver platter to an identity thief."

What makes the gaping loophole even worse is that the vulnerable identities are those of deceased individuals. Making the matter more urgent is the fact that a man being held on suspicion of involvement in the September 11 hijacking attacks illegally used the Social Security number of a New Jersey woman who died in 1991.

Oxley added, "Now we know that the terrorist MO might include identity theft, it's critical for the SSA to take extra steps to protect Americans' Social Security numbers and their identities."

"Tightening up practices at the SSA will help to foil common thieves stealing identities to obtain illegal credit cards, as well as brutal terrorists who may be plotting something much worse," Roukema said.

In a letter to the SSA, Oxley, Roukema, and Kelly called for modernization of the gathering and distribution of death information to the financial services industry. The Members are seeking immediate and permanent deactivation of Social Security numbers, whether an individual has been dead for ten years or 10 days. Oxley is considering adding such a legislative provision to his anti-money laundering package introduced Wednesday, H.R. 3004, the Financial Anti-Terrorism Act.

The SSA actually uses 'snail mail' every month to send a cartridge of death information to another Federal agency, which copies it again and sends it—again through regular mail—to subscribers like credit bureaus, credit card issuers, and other financial institutions. The whole process takes well over a month. In the meantime, Social Security numbers and accounts remain active, and identities are up for grabs by clever thieves. Because of the time gap, criminals can deplete life-long savings before the deceased victim's financial institutions are even informed of the death.

"Terrorists have shown they will use any means at their disposal to carry out their monstrous plans. Closing these loopholes will take away another tool in the terrorists' arsenal," Kelly said. "The Federal government needs to act swiftly to prevent this from happening again."

"The Social Security Administration has the power to stop rip-off artists and terrorists from victimizing the dead and their grieving families," Oxley said. "The financial services industry needs to have an official notification of a person's death from the Federal government quickly and permanently—preferably by electronic means—to prevent identity theft and financial losses."

The Committee investigated the theft of Social Security numbers by James R. Jackson and Derek Cunningham, who admitted to stealing hundreds of thousands of dollars by assuming the identities of live and deceased victims. One Ohio victim had been deceased for 10 days when Jackson and Cunningham stole his Social Security number, assumed his identity, and arranged the transfer of \$300,000 from the corporate executive's life savings to buy diamonds and watches for resale on the black market.

These felons and others like them would have had a much more difficult time stealing identities if the Federal government had sent official notification to the credit bureaus and credit card companies sooner.

Social Security Administration
Baltimore, Maryland 21235
October 18, 2001

Hon. Michael G. Oxley
Chairman, Committee on Financial Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your letter of October 3, 2001 regarding the theft of deceased individuals' Social Security numbers. We share your concerns about potential fraudulent use of death information and your interest in providing it in a timely, accurate and secure manner.

The Social Security Administration (SSA) releases the fact of death and the individual's name, date of death and SSN to any requestor under the terms of a court settlement made in 1980 in connection with a Freedom of Information Act lawsuit brought against SSA. SSA makes the Death Master File (DMF) available through the Department of Commerce's National Technical Information Service (NTIS). NTIS sells the information to the private sector. Any private sector customer (e.g., credit card companies, financial institutions) can purchase the DMF from NTIS.

Clearly the value of the DMF to users would be enhanced if updates, which are currently offered to subscribers on a monthly basis, were to be provided more frequently. That value could be further enhanced if the files and updates were provided electronically rather than through magnetic media, as is the current case.

I share your concern that we do everything we can to make timely and reliable information about deaths available to members of the financial community. As more information becomes available to us concerning activities leading up to the events of September 11, the need to strengthen our existing processes in this area is clear. We are reviewing our current procedures in this area and look forward to working with you, the members of your Committee, and others in the Congress to enhance

the value of our DMF to the many subscribers who rely on it for information regarding deaths that occur in this country. We are providing the same information to Representatives Sue Kelly and Marge Roukema.

Sincerely,

Larry G. Massanari
Acting Commissioner of Social Security

[The prepared statement of Mrs. Kelly follows:]

Statement of the Hon. Sue W. Kelly, a Representative in Congress from the State of New York

Chairman Shaw, Congressman Matsui, and members of the Subcommittee, thank you for allowing me to testify here today on this subject. The Financial Services Subcommittee on Oversight and Investigations, which I chair, has investigated the issue of the timely release of death information by the Social Security Administration to the financial services industry and its links to identity theft. I appreciate this opportunity to review the problems we have found and discuss potential solutions with your Subcommittee.

According to the Federal Trade Commission, identity theft was the top consumer complaint received last year, with the rate of complaints and inquiries increasing at an alarming rate with the widespread use of Internet technology. Numerous examples of organized identity theft, with great cost to the victims, retailers, and lenders, can be found around the country.

In addition, the families of the recently deceased are especially vulnerable, because they are so engaged in the aftermath of the death that steps are not taken to properly protect the deceased's Social Security number and monitor the deceased's accounts. Last year, two felons, James Jackson and Derek Cunningham, assumed the identities of numerous executives, living and deceased, and purchased over \$730,000 in gems and watches using the credit they obtained using the stolen identities. The victims included senior executives of some of America's best-known corporations, such as Coca-Cola, Lehman Brothers, Hilton Hotels, and Wendy's International. The deceased chairman of Wendy's had been dead for only 10 days when the Jackson gang stole his Social Security number and misused it. Fortunately, the law caught up to them, and they are awaiting sentencing in New York City.

Staff of the Financial Services Committee met with officials of the Social Security Administration to begin a review of the process by which Social Security numbers of the deceased are transmitted to the financial services industry for permanent deactivation. As you may know, SSA updates the Death Master File only on a monthly basis and sends it by magnetic tape through regular mail to another government agency each month for commercial distribution. That agency makes copies of the original tape and, again, mails the copies out to subscribers. The Financial Services Committee has concluded that this antiquated process creates a window of opportunity for tech-savvy criminals. I know you agree that this process, which can take well over 30 days from the time of death, is completely outdated when we can securely and instantly update information through the Internet.

Most recently, however, we learned that this issue is now a matter of our national security and safety. This *Washington Post* article from Saturday, September 29, states that Lofti Raissi, held by the British on suspicion that he trained 4 of the hijackers, had used the Social Security number of a New Jersey woman who has been dead *for 10 years!* This takes the issue of timely release and use of Social Security information to a new level that requires immediate action.

The Chairman of the Financial Services Committee, Mike Oxley, and I agree: Whether someone has been dead for as little as 10 days or as long as 10 years, that Social Security number should never be available for illegal use, and the financial services industry should have the knowledge of the death and the ability to apply it. We must stop crooks and terrorists from so easily using someone else's Social Security number to obtain credit or verify a false identity. That is why we asked the Social Security Administration to take a fresh look at the way they release Social Security numbers of the deceased and asked the General Accounting Office to quickly review the issue, including the industry's use of death information. We have to throw open the doors, cut the red tape, and tear down the barriers.

We must ensure at the very least that the industry can readily distinguish inactive Social Security numbers from active ones, starting with the transmission from

SSA to the financial services industry almost immediately after death. GAO briefed senior staff of your Subcommittee and mine last week on their initial progress in response to our letter. They have already found areas for improvement, and we look forward to holding a joint Subcommittee hearing with you, Mr. Chairman, in the very near future to review this issue in more detail. I speak for the Committee Chairman and all members of the Financial Services Committee in pledging to work with you towards a permanent solution to this problem.

I have a copy of the September 29, 2001 article from the *Washington Post*, the letters that we wrote to SSA and the GAO, the Committee's press release of October 5, and the October 18 response of the Social Security Commissioner to this inquiry. I ask unanimous consent that they be included in the record.

Thank you again for this opportunity.

Chairman SHAW. Thank you, and without objection, those matters that you asked unanimous consent to be placed in the record will be.

We look forward to meeting with you. We will be announcing today the joint meeting that we will be having with your Subcommittee next week in order to discuss and explore the issues related to the Death Master File and identity theft, and we look forward to working with your Committee.

Do any of our Members have any questions for Mrs. Kelly?

[No response.]

Chairman SHAW. Thank you very much for being with us this morning. We look forward to being with you at a hearing next week.

We now have, as Mr. Matsui pointed out, three witnesses to come to the table. We have the Acting Commissioner of Social Security, Larry Massanari, who I think is still looking forward to passing the baton on to his successor. He tells us that every time he comes here. And we have Beatrice Disman from the New York Region. She is the commissioner of the New York Region. And Laurie Watkins is the acting Philadelphia regional commissioner.

Welcome, and you may proceed, Mr. Acting Commissioner, as you see fit. Your full statement, as you well know, will be made a part of the record.

STATEMENT OF LARRY G. MASSANARI, ACTING COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY BEATRICE M. DISMAN, NEW YORK REGIONAL COMMISSIONER, AND LAURIE WATKINS, ACTING PHILADELPHIA REGIONAL COMMISSIONER

Mr. MASSANARI. Thank you, Mr. Chairman.

Mr. Chairman, Mr. Matsui, Members of the Subcommittee, thank you for inviting us here today to discuss SSA's response to the September 11 terrorist attacks. We at SSA, along with the rest of the Nation, were deeply affected by the tragic events of that day, and we responded immediately to the needs of the victims and their families.

Before I begin, though, I, too, want to acknowledge the dedicated service of the two regional commissioners who are here with me today. On my right is Bea Disman, the regional commissioner in New York, and on my left, the acting regional commissioner for Philadelphia, Laurie Watkins. They and their staffs have worked

tirelessly to provide prompt and compassionate service to those affected by these acts of terror.

I also want to recognize the extraordinary efforts of SSA's employees, particularly those in the New York and Philadelphia regions. Reflecting the very finest traditions of our agency, they have set aside their personal concerns, because they recognized the importance of what they do for the American people. They have handled the difficult and delicate task of working with the survivors to help them obtain benefits, and they have done that with compassion and with speed.

I had the opportunity in September to visit the Family Assistance Centers in both New York and Virginia, where SSA staff have worked long hours to provide information and to take claims. Officials and families at both locations have had high praise for SSA's employees. At the Pentagon site, the director of the Center, U.S. Army Lieutenant General John Van Alstyne told me that SSA employees are truly professionals with a heart. Quite honestly, I could not agree more.

Let me now briefly outline for you what we have done to help the survivors and also what we have done to restore agency operations.

The human toll, of course, is staggering, and we don't yet know what the total number of claims will be. But at this time it is well over 4,000. And over half of those are for children who have lost parents. We have also taken a small number of disability claims, something in the neighborhood of 50 now, although we expect that number will rise in the near future.

After the September 11 attacks, SSA immediately invoked special emergency procedures to ensure that survivor claims could be taken and paid as quickly as possible.

We have taken claims at many locations, including the family assistance centers, at facilities set up by large employers, in our own field offices, through our 800 numbers at hospitals, and even in local congressional offices.

We have also conducted a full-scale, aggressive outreach effort to make sure that no family eligible for benefits is overlooked. We have a special Web page with information about how to apply for both survivor and disability benefits.

By the Sunday following the attacks, public information spots were in virtually every media outlet in New York City, both English and Spanish. On September 11, all Social Security offices were closed early while we assessed the need for added security. But the next day, all facilities were open, except for offices in New York City.

On September 13, 2 days after the attacks, our New York City offices reopened—except for those in Lower Manhattan—and the staffs from those offices were redeployed in other facilities throughout the city.

As for the security of our facilities, we are now screening visitors more thoroughly and increasing our inspections of packages, delivery vehicles, transit buses, and we are carefully screening all vehicles that use underground parking. We have also placed guards in the 322 field offices that did not previously have security guards.

Recently, we have had a number of anthrax scares in several of our offices. Thankfully, all of those scares have been unfounded. But every report of a suspicious incident is taken very seriously and is thoroughly investigated. And we are asking all of our employees to remain alert, vigilant, and cautious.

Let me now turn, Mr. Chairman, if I might, to an issue that deeply disturbs all of us at SSA. There are indications, as you know, that some of the terrorists had Social Security cards which may have been fraudulently obtained. As soon as we learned of this, we created a high-level response team made up of persons from around our organization and the Inspector General's Office to re-examine our entire enumeration process. They are working to ensure that we are taking all necessary precautions to prevent those with criminal intent from using Social Security numbers to advance their operations. The team has already made several short-term recommendations that we are now considering.

Over the last few years, we have made changes to our Social Security number procedures seeking to strike a balance between the integrity of the process and responsive service. But we all know that the world changed on September 11, and now we need to reassess that balance between security and public service.

I want to thank you, Mr. Chairman, and the Members of the Subcommittee for your efforts in protecting the integrity of the Social Security number process and also in protecting the privacy of the American people. We at SSA look forward to working with you on H.R. 2036, which seeks to further these goals.

We also look forward to working with the Subcommittee to address your concerns about the Death Master File.

Finally, I would like to acknowledge and thank SSA's Office of the Inspector General for the significant role that they have played in the investigation of the terrorist attacks. The Inspector General is coordinating activities with SSA components and is working side by side with the FBI and with other Federal law enforcement agencies. Their hard work and their expertise in the area of Social Security number misuse have been absolutely invaluable.

To conclude, Mr. Chairman, as you know, SSA has long sought to educate the American public that Social Security is far more than a retirement program. But, sadly, nothing has brought home that message quite as vividly as the tragedy of September 11. Take, for example, the story of a man whose wife was killed at the World Trade Center. He was ready to sell the family's home because he as a stay-at-home dad could no longer afford it. But after a Social Security representative told him that he and his young child were eligible for survivor benefits, he was able to take his home off the market.

All of SSA mourns the losses suffered by thousands of our fellow Americans, and we remain committed to doing everything possible to support the families of the victims. We also remain committed to protecting employees and visitors to our offices against any biological threats. And, finally, we are fully committed to safeguarding the integrity of the enumeration process.

I would be pleased to answer any questions that you might have.
[The prepared statement of Mr. Massanari follows:]

Statement of Larry G. Massanari, Acting Commissioner, Social Security Administration

Mr. Chairman, Mr. Matsui, and Members of the Subcommittee:

Thank you for the opportunity to discuss the Social Security Administration's (SSA) response to the terrorist attacks on our country on September 11. We, along with the rest of the nation, were deeply affected by the tragic events that occurred in New York, at the Pentagon, and in Pennsylvania. However, in the best tradition of public service, SSA responded immediately to meet the needs of the families who lost a loved one in these tragedies. Today, I will describe what we have done to assist the families, how we are handling their claims for benefits, and what measures we have taken to ensure that the American people will continue to receive the services and cash benefits they need in a timely and compassionate way. In addition, in the wake of the incidents of bioterrorism, I will discuss what SSA is doing to protect our employees and the people who visit our offices.

Before I begin, however, I want to acknowledge the dedicated service of the two Regional Commissioners (RC) who have accompanied me here today. To my right is Bea Disman, the RC for the New York Region, and to my left is Laurie Watkins, the Acting RC for the Philadelphia Region. Ms. Disman led our efforts to provide service to the citizens of New York, and Ms. Watkins directed our activities in providing benefits to the survivors of the victims of the attack on the Pentagon. I believe both of them reflect the highest ideals and the finest traditions of our Agency in making real our common goal of providing prompt and caring service to those affected by these acts of terror.

I also want to recognize the remarkable efforts of SSA's employees, particularly those in the New York and Philadelphia Regions. Although many employees were themselves affected by the events of September 11, and some were physically close enough to the sites to witness the events as they unfolded, virtually all of them were on duty the next day. They set aside any personal concerns, because they recognized the importance of what they do for the American people. And they handled the difficult and delicate task of working with the survivors to provide the support needed to help them obtain benefits with sensitivity and speed.

Mr. Chairman, I have had the opportunity to visit the Family Assistance Centers in New York City and in Crystal City, Virginia where SSA staffs have worked long hours to provide information and take claims. While at the Pentagon site, the Director of the Center, U.S. Army Lieutenant General John Van Alstyne said that "SSA employees are truly professionals with a heart." And I couldn't agree more. As I share with you today SSA's response to the disastrous events of September 11, I also share with you my pride in SSA's workforce. They have risen to a challenge no one could have anticipated with an extraordinary sense of commitment and compassion.

Supporting the Families

Following the attacks, SSA immediately invoked special emergency procedures to ensure that survivor claims for the families of those killed in the World Trade Center, the Pentagon, and the plane crash in Pennsylvania could be taken and paid as quickly as possible. These procedures include, for example, allowing payment of survivors' claims with proof of death other than a death certificate (for example, airline manifests and employer records). Using these procedures, we can take and pay a claim as quickly as possible.

As soon as employers were able to arrange locations to meet with the families of victims, which happened in the first days following the tragedy, our New York Regional personnel were on-site working with employers and families to take and expedite claims. When the Family Assistance Centers were established at Pier 94 and Liberty State Park, we became part of that effort. We also worked closely with the New York Police Department, the Fire Department, and the Port Authority to take claims for the survivors of their employees who were killed. We were on-site at the Pentagon Family Assistance Center as well, working side by side with Department of Defense personnel to handle survivor claims there.

In addition to those sites, survivor and disability claims are being taken at a number of other locations. These include our field offices, our toll-free 800 number, as well as Federal Emergency Management Agency locations, hospitals, facilities set up by large corporations, and even local Congressional offices.

The human toll of this tragedy is staggering. At this time, the number of disaster-related claims has risen to over 4,000 claims. Over half of those are for children who lost parents in the attacks. We have also taken a small number of disability claims (about 50) although we expect that number to increase over time. Unfortunately, we

don't really know what the total number of claims arising from the September 11 assaults will be.

In Virginia, we have now taken claims or determined eligibility for all of the families of the 125 victims who worked for the Department of Defense, and for 53 of the 64 passengers on the American Airlines flight that crashed into the Pentagon.

Finally, we are working closely with both United and American Airlines. The information they can provide us is invaluable as we search to locate people who may be eligible for benefits. In addition, SSA staff attended a gathering at the site of the Western Pennsylvania crash to provide information to the family members who were there about how to apply for benefits.

In response to calls coming into our national 800 number, representatives are referring all disaster-related claims calls to our Immediate Claims Taking Units where benefit applications are taken immediately. These units represent a nationwide network of 14 claims processing units, staffed with 390 claims takers.

Outreach Efforts

Within days, we also launched an extraordinary, full-scale outreach effort to make sure that no family eligible for benefits is overlooked.

We quickly put in place a special web page with information for those affected by the September 11 disaster to use. The site has information about how to apply for survivor benefits, as well as information about disability benefits. It displays the 800 number and has a link to SSA's office locator to assist persons who need to file a claim. It also reassures people that benefits will continue to be paid on time.

By the Sunday following the attacks, we had public information spots on every major network affiliate in New York City, the local television stations, and Spanish language stations. These spots included information on survivor benefits and how to contact Social Security.

We have worked with hospitals in the New York and Washington D.C. areas to identify potential claimants for disability benefits. The New York City Labor Council is working with us to provide outreach to union members and their families.

We are also working closely with the union, which represents the restaurant workers in the World Trade Center. The union will supply SSA with acceptable evidence of identity for enumeration purposes. This will enable U.S. citizens to obtain replacement Social Security cards, which they will need to apply for unemployment benefits.

To make sure that those foreign survivors who might be eligible for Social Security benefits are contacted, the Regional Office has done outreach to about 60 consulates.

We matched lists of employees for those companies that had been located in the World Trade Center. We are also working with those employers who were the most severely impacted, such as the Fire Department, the Port Authority, and several financial service corporations. We have contacted all of the individuals or families referred by these employers.

Finally, press releases and fact sheets have been and will continue to be distributed, as necessary, to national media outlets, advocacy organizations, and others. We are also providing frequent updates to Congressional delegations from the five affected States.

Social Security Remained Open for Business

In the aftermath of the attacks, SSA took immediate steps to ensure that we stayed open for business, for routine business as well as for those who lost family members or were injured that day. All Social Security offices in New York City and the Washington D.C. area were immediately closed on September 11 to protect both the public and our employees, while SSA assessed the severity of the situation and the need for increased security.

The next day, all Social Security offices and the national 800 number were open, with the exception of field offices in New York City, the Northeastern Program Service Center in Jamaica, and the hearing office and the Disability Determination Services (DDS) office in lower Manhattan. The New York Regional Office also remained closed, but we opened a command center in the Grand Central field office. All of our offices—except for those in lower Manhattan—reopened on September 13. We redeployed employees from the closed offices to offices that were open.

We immediately worked with the Treasury Department and the Postal Service to make sure that, where normal processes remained in place, benefit checks and electronic funds transfer payments continued to be sent. Where service was disrupted, we tried to find ways to mitigate delays.

We also recognized that our employees themselves were experiencing a wide range of emotions in dealing with the tragedies. Because of these concerns, we pro-

vided and will continue to provide counseling for both individuals and small groups of employees. We also offered our counseling services to employees in other Federal agencies.

By September 24, all of our offices were open, with the exception of the Manhattan DDS, which had been located near the World Trade Center. Some of the DDS staff is being temporarily housed in the Northeastern Program Service Center in Jamaica. Others have been sent to work in other offices.

All 15,000 claims that had been pending in the DDS were removed from the building and sent to a contractor for cleaning and decontamination. All cases have been cleaned and sent back to the DDS. The DDS personnel are in the process of recontacting claimants to update the medical evidence and explain the delay in processing.

We have deferred some workloads that are not time sensitive to focus on serving the needs of victims and survivors. We have also temporarily suspended collection and recovery of overpayments where the responsible party is under a hardship resulting from the terrorist attacks.

As for the security of our facilities across the country, we have supplemented existing security at our large sites by screening visitors, contractors, and non-employees more thoroughly and increasing inspections of packages, delivery vehicles, transit buses, and all vehicles entering areas under buildings. We have placed guards in the 322 field offices that did not have them, and will keep them in place for at least the remainder of the fiscal year.

Protecting Against Biological Threats

In this time of heightened concern about possible biological threats, both public and private organizations are treating suspicious mail seriously. The health and safety of all of our employees and the people who visit our offices is our utmost concern, and we will do everything possible to protect them. Every report of suspicious mail has been and will continue to be taken seriously and investigated thoroughly.

First, let me assure you that presently we have had no known cases of anthrax in the SSA community. Our employees in the Washington D.C. area have already been referred for treatment in accordance with instructions from the Centers for Disease Control and Prevention (CDC). We are also doing environmental testing of our mailrooms in the New Jersey, Baltimore, and Washington, D. C. areas that may have received mail, either directly or indirectly, from either the Brentwood, D. C. or Hamilton, New Jersey, U.S. Postal Service mail processing facilities, to ensure they aren't contaminated. Employees in these SSA facilities are being referred for treatment in accordance with the CDC protocol.

We have had some incidents involving suspicious envelopes or packages in our field offices around the country. We have had to close some of our offices for a day or two while testing was done. We have also temporarily evacuated other offices for an hour or so. Thankfully, all of these suspected threats to public safety to date have proven to be unfounded.

We are working with the CDC and other Federal and State agencies to make sure all necessary actions are taken. To make our employees aware of what to do if they see a suspicious letter or package, we have distributed posters displaying instructions throughout our facilities. We also sent several advisories to SSA supervisors and staff that describe emergency procedures to follow if contamination is suspected. We conducted a live interactive broadcast with SSA security and medical staff that included questions and answers about anthrax, and have made the videotape of the broadcast available to all SSA employees.

I want to assure you that we are committed to doing everything possible to protect SSA staff and the American people who we serve.

Social Security Number Safeguards

Mr. Chairman, I would also like to discuss an issue that deeply disturbs all of us at the Social Security Administration. There are indications that some of the terrorists had Social Security numbers and cards, which may have been fraudulently obtained. As soon as we learned of this, we formed a high-level response team, which includes participation from our Office of the Inspector General (IG), and from the New York and San Francisco Regions. The response team is reexamining our enumeration process to determine what changes we need to make in our policies and procedures to ensure that we are taking all necessary precautions to prevent those with criminal intent from using Social Security numbers and cards to advance their operations.

The response team is also reviewing the recommendations the Inspector General has made over the last five years with respect to enumeration. They are also looking at several initiatives that SSA already had underway to identify those that can be

accelerated. I have received the first of the response team's recommendations and I am considering their suggestions. They are just the beginning of our efforts to strengthen the process.

In addition, we are taking the lead to form an interagency task force with the Immigration and Naturalization Service and the Department of State to accelerate an initiative which we have long supported to enumerate people as they enter the country. I have contacted both agencies to begin to set up meetings for the task force.

I would like to point out, however, that based on information from the Department of Justice, it appears that as many as 13 of the 19 terrorists, who were on the planes on September 11, were in this country legally. Depending upon what their entrance status was with the INS, they could have been eligible to receive a Social Security number.

Mr. Chairman, over the last few years we have made changes to our Social Security number process to improve our security procedures. Those changes sought to strike a delicate balance between measures to ensure the integrity and security of the enumeration process and a desire to get a number issued to the applicant as quickly as possible. But we all know that the world changed on September 11, and we need to reassess that balance between customer service and security.

That brings me to your bill, Mr. Chairman, H.R. 2036, the Social Security Number Privacy and Identity Theft Prevention Act of 2001, which you have developed over the last few years, with Mr. Matsui and other members of the Subcommittee who have cosponsored the legislation. This Administration supports the goals of your legislation to enhance privacy protections for individuals and to prevent the fraudulent misuse of the Social Security number, and we look forward to working with you and the Subcommittee members to best achieve those goals.

Finally, with respect to this subject, I would also like to acknowledge and thank SSA's Office of the Inspector General for the very significant role they have played in the investigation of the events of September 11. Our OIG is coordinating activities with SSA components, working with the Federal Bureau of Investigation, participating in the Joint Terrorism Task Forces, and working with other Federal law enforcement agencies. In addition, their hard work and unique knowledge in the area of Social Security number misuse has been invaluable to SSA. I am confident that through their ongoing work and participation in the response team, we will be able to strengthen our safeguards to assure that only those individuals who by law are entitled to Social Security numbers and cards receive them.

Necessary Resources

Obviously, SSA has moved swiftly to implement all the emergency measures I have described knowing that additional resources will be needed to process thousands of new and unanticipated claims, increase security, and redeploy staff. There are also costs associated with redeveloping claims and replacing facilities, equipment, and computer systems that were damaged. We also know that we will need to provide the Office of the Inspector General with the additional resources they will need to support their investigative efforts.

It is still too early to estimate the full impact of our response to this tragedy. And, indeed, our first actions have been to address the needs of the survivors and injured in every way possible. However, President Bush has proposed a \$20 billion emergency spending measure to provide for disaster recovery and security needs related to the attack on America, and SSA is to receive \$7.5 million of that request.

Conclusion

In conclusion, Mr. Chairman, SSA has long sought to educate the public that Social Security is far more than a retirement security program. Sadly, nothing has brought home that message quite as vividly as the tragedy of September 11. In September, a husband in New York City whose wife had been killed at the World Trade Center was ready to sell his home, because he, as a stay at home father, could not afford to keep it. He was able to take it off the market after a Social Security representative contacted him to let him know that he and his family were eligible for survivor benefits. All of SSA mourns with this man and with the rest of the country. We remain fully committed to doing whatever we can to help the families of the victims' recover from this heinous act of terror.

Chairman SHAW. Thank you, Mr. Commissioner.

I would like to first of all address a question to Ms. Disman. I am wondering, Ms. Disman, how are you holding up? How are your

employees holding up? How overwhelming is the caseload at this time? I am very impressed with the speed with which you have gone forward in processing these claims. So why don't you give us the inside story.

Ms. DISMAN. I think the inside story is that I am so proud of the Social Security employees in the New York Region. They were incredible given what they had to deal with because I don't know if you know, Mr. Chairman, a number of my employees are at 26 Federal Plaza within ear-shot of the World Trade Center. They actually saw the planes coming in. So we had a real emergency and an emotional situation to deal with at all the Social Security offices, as well as the New York DDS, Disability Determination Service, that was in Lower Manhattan.

But I will tell you right now that working with the victims' families has for the Social Security employees been one of the largest rewarding efforts of their careers and life. We were on site within 3 days with all the large employers, and my employees volunteered to work 12, 15 hours to be there. We were there within 3 days, and I will tell you—and I was with them—of the impact of talking to some of the widows—and at that point they weren't really classifying themselves as widows, but seeing a mother whose husband's first day of work was on Tuesday at one of the large employers, and she had a 14-month-old son with her, and she was pregnant. And she looked at us, Mr. Chairman, and said, "You are the U.S. government. You are here for us." That was all that our employees needed, and that is what has kept them going.

Of course, I provided counseling services for all the employees because I had to make sure that their emotional state was stable, because of the experience, before we even brought them back into 26 Federal Plaza and to the offices there. We had private counseling services for groups as well as individuals, and we have extended the contracts so that people could continue. Because, you know, with depression and some of the side effects, it comes much later.

Also, we had that incredible situation of 15,000 disability folders that were sitting right at the edge of the World Trade Center for our DDS, and we needed to ensure, first of all, that 350 employees got out and were safe, and then we had to get the folders. And I think you know, Mr. Chairman, we have the folders.

So how are we faring? I think if you look, communications are back, although not wonderful. Security is there. I chair the Federal Executive Board, so I am very concerned with security for the whole Federal complex and have worked with the General Services Administration, not only for Social Security but for all Federal agencies. Helping the victims' families has provided incredible stories. I remain concerned for the emotional stability of my employees, and we are constantly working on it, and certainly the anthrax scares in New Jersey and New York have additional impact. And, finally, working on all those disability cases and making sure that individuals that are vulnerable with disability are treated fairly and get their cases processed. That has been the focus of our attention.

Chairman SHAW. How many caseworkers do you have that are actively working on cases resulting from September 11?

Ms. DISMAN. I have 206 employees that have been actively involved, not including the DDS, in helping the victims' families. And as a matter of fact, the Acting Commissioner will join me on the 13th to recognize all of these employees. They have been both at New Jersey—because we can't forget the State of New Jersey, which is within my region, as well as in New York. And these have been incredible, dedicated people, and we will celebrate with them.

Chairman SHAW. I, as others, have gone to ground zero and observed the tremendous amount of work, the dedication of public servants, not only from New York but from around the country who have come to New York's aid. And I was very impressed as to the strength of the New Yorkers.

You know, I have often thought that we don't understand how they think, the terrorists. But I don't think they understand how we think, either. And it certainly has brought out an inner strength, and the New Yorkers are really to be complimented.

I was joking with Charlie Rangel the other day. I said, you know, after seeing this, I am beginning to really love New Yorkers.

Ms. DISMAN. Thank you, Mr. Chairman.

Chairman SHAW. So we are very impressed. This whole country is very impressed at the job you have done. And I don't think that people really realize how many of you that are behind the scenes. We see the firemen and the rescue workers and the police climbing on the ruins of the World Trade Center. But the people that are in the offices making the system work and caring for the victims is a tremendous important part of what you do.

Ms. Watkins, what are your observations? This would be in the Pennsylvania area, in Philadelphia?

Ms. WATKINS. That is correct.

Chairman SHAW. And the Pentagon, too.

Ms. WATKINS. Most of our efforts were centered at the Pentagon Family Assistance Center and the victims of the Pentagon attack.

My observations are very similar to Ms. Disman's, although they were necessarily of a more limited scope. But my employees found the entire experience to be much the same as Ms. Disman described in terms of incredibly rewarding. They remained committed throughout the process. They felt very, very good to be able to do something. I think all Americans probably experienced that kind of feeling after September 11.

I am incredibly proud of the employees of the Philadelphia Region and the way they handled the very delicate work that was necessary to deal with the survivors. So I think they have done a tremendous job, and I think they are holding up very well. Thank you very much.

Chairman SHAW. How is the emotional stability of the workers? It has got to be a very depressing situation to be facing the people who have firsthand—the family Members or survivors who have suffered such an awful tragedy.

Ms. WATKINS. Well, I think all of our employees at times have been somber, but at the same time, I think Social Security employees routinely do work that involves dealing with people who have faced significant life events such as the loss of a spouse. So I do think that this was something unprecedented and requires an extraordinary level of sensitivity because there were emotions, as you

note, running for both the people that we were dealing with and the employees that were serving them. But I think they rose to the occasion.

Chairman SHAW. Mr. Massanari, my last question will be directed to you. How are we as far as the allocation of resources to be sure that we are giving the people the service that they so desperately need?

Mr. MASSANARI. Mr. Chairman, our original estimates, as we assessed the situation shortly after September 11, were that we would need something in the neighborhood of \$40 million to provide adequate security, to process the additional claims, and to support the restoration of operations in New York, particularly the New York DDS in Lower Manhattan. Actually, that original \$40 million estimate has really held up. It has been somewhat fluid, in some areas a little more, in some areas a little bit less, but it is still in the neighborhood of \$40 million.

We also estimated that we would need around \$7 million in order to strengthen the investigative capacity of the Office of the Inspector General. We think it is very important that we enhance their capability to deal with Social Security number misuse. So our estimates were in the neighborhood of \$40 million.

As you know, the President has submitted for congressional approval a request for the second \$20 billion as a part of the emergency relief package. Included in that \$20 billion package is \$7.5 million for Social Security.

Chairman SHAW. And this is adequate to take care of the caseload we have?

Mr. MASSANARI. It does not approach, of course, the \$40 million estimate that we had made; however, we will do everything we need to do to divert funds from other sources in order to meet these needs. We are going to do whatever it takes to provide the necessary security for employees, to process these claims, and, of course, to restore operations in New York.

Chairman SHAW. Thank you.

Mr. Matsui.

Mr. MATSUI. Thank you very much, Mr. Chairman. I would like to thank Ms. Disman and Ms. Watkins as well for their testimony. I appreciate the fact that you asked them the questions you did. I think it was very critical and very important.

Ms. Disman, I might just point out that Mr. Rangel also talked with me. I ran into him today at a meeting, and for those of you who don't know Charlie Rangel, a Member of Congress, he is from New York and he has been here probably for 30 years.

Chairman SHAW. If you have met Charlie, you know he is from New York.

Mr. MATSUI. New York, right. He said, "Aren't we great?" And I thought he was for some reason connecting it to this hearing, because I knew you were coming this morning. And he was talking about how New York beat Arizona last night.

[Laughter.]

Mr. HAYWORTH. Would the gentleman yield?

Mr. MATSUI. And I am sure you are happy about that as well.

[Laughter.]

Mr. MATSUI. I didn't want to look that way, I am sorry to say.

Mr. HAYWORTH. Here we are having a nice hearing. It is tough enough.

Mr. MATSUI. Well, at least it is bipartisan. But, again, I want to thank you.

If I may just, Mr. Massanari, ask you about the funding situation, you mentioned four or five different areas that you are going to have to augment, and that would constitute the \$40 million. How long do you think that would take? Over what period of time are we looking at the expenditures of the \$40-plus to \$70 million, do you believe?

Mr. MASSANARI. It, of course, depends upon the area of spending, Mr. Matsui. In terms of the added security, about \$20 million of that is for additional guard service in those 322 offices I mentioned in my testimony. We are going to provide that guard service for the balance of this fiscal year.

For the claims-taking operation, it is a little tough to estimate how much longer that might run. After last Sunday's memorial service at ground zero, the claims-taking activity has picked up. But I would think over the next several weeks most of the claims will have been taken.

The restoration operations for the New York DDS, which includes not only site preparation for what will likely have to be new space, it also includes computer equipment, furniture, supplies. We are talking many, many months into the future.

Mr. MATSUI. And so you believe that the—I guess the security is probably a large part of this, though. Is that right? Do you have an idea what that might be at this moment?

Mr. MASSANARI. The security cost will be around \$20 million for guard service.

Mr. MATSUI. Oh, so that will be about half the cost.

Mr. MASSANARI. Yes.

Mr. MATSUI. Over the next 12 months, I would assume.

Mr. MASSANARI. Yes.

Mr. MATSUI. OK.

Mr. MASSANARI. Now, in addition to that—and this has not been factored into that \$40 million—with all of the activity around hazardous substances and the anthrax scares, we have had some instances where we have had to either evacuate offices or even close offices for a short period of time. Thankfully, all of those incidents have been unfounded. There has been no contamination. But it has been disruptive to our operations, and it is going to begin to take its toll, I fear, on our productivity. So there will be some added cost associated with that.

Mr. MATSUI. I wanted to get into the anthrax issue, and I want to be somewhat careful because just talking about it could create uncertainty, and we obviously don't want to do that. But obviously you are aware of it, and all of the different regional offices throughout the country are now on alert on it. And because much of the processing is through the mail, I would imagine you do have a mechanism set up even, for example, in the Fresno office and elsewhere throughout the United States where the employees are watching this very carefully. Is that correct? And do you think this will go on a long period of time, a permanent situation? And will there be additional costs in that over a period of time?

Mr. MASSANARI. Well, let me describe, Mr. Matsui, what we have done. Actually, we became involved in this very early, actually 2 weeks ago, because we had a number of our staff who had delivered mail and were in the Hart Building. So we began to take steps immediately to deal with the threat of anthrax.

We have been working very closely with the Centers for Disease Control and Prevention (CDC) and with other Federal and even local health agencies. We have issued information through bulletins and also through interactive videos to all of our offices. We have issued instructions and guidance to our managers so that all employees are being alerted and know what to look for in terms of suspicious envelopes or suspicious packages.

In addition to that, we have provided gloves and masks to employees, for any who might choose to use them. We are also taking precautionary steps in those facilities that receive mail directly from either Brentwood here in D.C. or from Hamilton Township in New Jersey or Morgan in New York City.

We are actually going to be undertaking precautionary environmental sweeps and offering folks in those mail rooms the opportunity to be evaluated by local public health facilities. And, again, it is hard to predict how long this might last, but certainly we are trying to raise sensitivity and consciousness among our employees so that they will remain cautious and alert well into the future.

Mr. MATSUI. And, last, you obviously have electronic deposit capability, and obviously that is a savings to the Social Security Administration, and probably a convenience also to the recipient. And I do know there have been some stories on this in the newspapers. Is there a way—are you working on trying to get the word perhaps further out on that now? Because it may be a good opportunity to convince people that they ought to consider that as a way to get their check, at the same time having to avoid all the paper problems.

Mr. MASSANARI. Yes, our press office has been very aggressive in this area. In fact, we had a wire story, an AP wire story, that was released early Monday morning, and we are going to continue to deal with this issue in that context, because there is concern expressed by beneficiaries about receiving paper checks. So we are using this as an opportunity to encourage them to avail themselves of direct deposit.

Mr. MATSUI. And then the amount of requests coming in on disability requests, applications for disability benefits, I would imagine all those are being processed on a timely basis. Obviously with this situation it could create some concern and some problems, and I am just wondering how that is—

Mr. MASSANARI. The disability claims associated with the attacks or—

Mr. MATSUI. Well, no. This would be generally. I mean, as the mail comes in—

Mr. MASSANARI. I see what you are saying.

Mr. MATSUI. The concern of obviously the employees, the legitimate concern.

Mr. MASSANARI. It is a concern. In terms of so much of the documentation going through the mail, there is a real concern about delays in the process, which continues to push us toward ulti-

mately an electronic process. But that is an issue, and I would suspect that there will be some delays in processing, particularly as mail gets hung up in those mail processing facilities that are being closed for environmental testing.

Mr. MATSUI. Well, I want to thank all three of you very much for your testimony and obviously for the work you have been doing on behalf of the country and the American people. I really appreciate it. And I would like to just point out I appreciate the comment you made, Mr. Massanari, in your opening statement when you talked about the disability benefits and survivors' benefits issue. It is so critical to the average American family.

I didn't realize this until about 3 or 4 years ago when I really got into this whole issue of Social Security that 28 to 30 percent of all benefits paid out are in the form of disability or survivors' benefits, and it is just an astonishing number. We really appreciate all you have done. I think you have given a lot of security through very difficult times for all of us.

Thank you.

Mr. MASSANARI. Thank you, Mr. Matsui.

Chairman SHAW. Mr. Matsui, there is no question that Social Security is a lifeline for so many people today because of this unexpected, horrible tragedy.

Mr. Hayworth, you may have the final word with regard to last night's baseball game.

[Laughter.]

Mr. HAYWORTH. Well, you know, Mr. Chairman, I was so pleased to hear my friend from California speak about the Ranking Member of the full Committee and the delightful time he had. I was having a delightful time until there were two outs at the bottom of the ninth inning. I guess it just simply goes to say that in the words of the book title, the great Arizona resident, Joe Garagiola, "Baseball is a funny game." We will see who the last laugh is on as the series continues. But right now I think there have been some chuckles at our expense.

Be that as it may, aren't we fortunate that we are able, even in the midst of rebounding off this trauma, to see that type of endeavor. It truly proves that baseball is our National pastime, and I welcome all of you today, World Series results notwithstanding.

Chairman SHAW. Perhaps I should identify you as the gentleman from Arizona.

[Laughter.]

Mr. HAYWORTH. That might be good. I can see now the live coverage they have to put up little explanatory notes here: The Congressman is from Arizona, that is why he has tears down his cheeks.

[Laughter.]

Mr. HAYWORTH. As they sometimes very helpfully do in the live coverage and the tape coverage offered by C-SPAN.

As we turn to this very serious topic, Mr. Acting Commissioner, I appreciate your testimony. There are obviously so many different issues to deal with right now.

But at the root of that event, as investigators point out, as you point out in your testimony, there are indications that some of the

terrorists had Social Security numbers and cards, and you offered the phrase, "which may have been fraudulently obtained."

Dealing with this whole matter of Social Security fraud, so many different ideas have been proffered. We have heard some talk about, with the technology that may be at our disposal today, engineering or coming up with some sort of fraud-proof card. Does that warrant consideration in your mind? Is that a strategy that should be pursued by the Social Security Administration? And are there any, pardon the pun, ballpark figures as to what a fraud-proof card might cost?

Mr. MASSANARI. Well, I am not sure there is an absolutely fraud-proof card, Mr. Hayworth, but certainly there are more counterfeit-resistant approaches that might be pursued. There are with the current card, of course, a number of counterfeit resistant features. But back in 1997, at the request of the Congress, we did submit a report based upon an extensive study that we did looking at a number of options for enhancing the Social Security card to make it more tamper—or counterfeit-resistant. Those options ranged from a plastic card with the card holder's picture on it at sort of the low end, all the way out to a card that would have a memory chip or a magnetic strip on it that might include information regarding citizenship or lawful alien status. It might even include biometric data.

The cost associated with that back in 1997—and I suspect those estimates are probably still pretty solid, but they ranged anywhere from \$4 billion to \$10 billion, depending upon which option might be pursued.

The work-year costs associated with that—and also, at the request of the Congress, we structured these estimates around re-enumerating 280 million Americans over a 3-year period, over a 5-year period, and over a 10-year period. And the estimate for any of those options over the period of time that we would re-enumerate was 70,000 work-years, and, of course, that is a major portion of that range of \$4 to \$10 billion.

It is something that can be done. It is technically possible. But it is also very costly.

Mr. HAYWORTH. To return to your testimony about the terrorists, it says in the testimony, "Some of the terrorists may have had Social Security cards." Can you share with the Subcommittee, do we know that more definitively now? Do we know with certainty that some of the perpetrators of these horrible acts, in fact, had Social Security cards?

Mr. MASSANARI. I think we do know that. I would prefer to defer to my colleague, Inspector General Huse, who has been so much a part of this investigation. There is some indication, publicly announced by the U.S. Department of Justice, that in at least 13 of the 19 cases, the individuals may have been here lawfully and may have appropriately had Social Security numbers. But I think Mr. Huse is in a better position to talk about those instances in which some of those individuals may have gotten numbers based upon fraudulent documents. It is a part of the investigation, of course.

Mr. HAYWORTH. Thank you very much, and I look forward to hearing from the Inspector General. And, again, I want to thank all of you for being here and for the work you are doing in extraor-

dinary times. And as we have seen so often with many Americans in many different walks of life, we are called upon to do extraordinary things, and we appreciate the efforts you are making that can be described as heroic to make sure that the Social Security Administration continues to serve the American people.

Thank you very much.

Mr. MASSANARI. Thank you, Mr. Hayworth.

Mr. HAYWORTH. Thank you, Mr. Chairman.

Chairman SHAW. Thank you, J.D.

Mr. Becerra.

Mr. BECERRA. Mr. Chairman, thank you very much, and to you first and foremost, thank you very much for convening this hearing and for working in such a bipartisan fashion to try to move us forward on some of these issues.

Commissioner Massanari, thank you very much for all of your testimony to date. Hopefully we can satisfy you at some point pretty soon and let you move on to other endeavors in life.

Mr. MASSANARI. Thank you, Mr. Becerra.

Mr. BECERRA. And, Ms. Disman and Ms. Watkins, thank you so very much for being here. You are probably much more needed in your particular offices, but we thank you very much for your testimony and for all the work. And please convey to all those people who day in and day out have been doing this kind of work, thank you, after September 11, but also thank you for everything they did before September 11. If your folks are anything like the folks that we have had a chance to work with in my office in Los Angeles, with the Social Security office in Los Angeles, then you have got some great folks.

By the way, I want to also compliment you in doing your PSAs, Public Service Announcements, your outreach. That is so essential to do that early on. And the fact that you also reached out in Spanish I think was so essential because you don't want to see people losing out on an opportunity to pick themselves up as quickly as possible. So I compliment you on that.

The estimates, Mr. Massanari, that you just gave, can you give us a sense—now that you have updated your numbers, have you submitted a request to OMB, Office of Management and Budget, to try to deal with the larger figure? I think you said \$40 million for additional security and processing of claims, \$7 million more—what was the \$7 million more for?

Mr. MASSANARI. The Office of the Inspector General.

Mr. BECERRA. Inspector General expenses. Have you conveyed that to the Office of Management and Budget and the White House so they can revise their \$7.5 million request to the Congress?

Mr. MASSANARI. Yes, that was a part of our request, and obviously, as you well know, Mr. Becerra, there are a lot of significant needs associated with that relief package. And the administration had to sort out and make difficult choices among those very significant priorities. And the decision was that \$7.5 million would be included for SSA.

Mr. BECERRA. And I think we are going to find, as we continue to have hearings on the Hill, that the administration will have to come to us and probably request additional funding for the different work that all the different government agencies will have to

make, not least of which is, of course, the U.S. Department of Defense, to carry on its efforts. So I think a number of us, if not all of us on this Committee, would be more than willing to try to work with you to make sure that we can help the administration find the dollars that it will take to keep you up and running.

How long can you go on the additional \$7.5 million, should that be the amount that is appropriated, for you to continue to do the work that is needed as a result of September 11?

Mr. MASSANARI. Well, of the \$7.5 million, about \$5 million of that would be devoted to infrastructure support in New York for the disability determination unit in New York to restore operations, and about \$2.5 million would be for security.

We will continue to operate. We will divert funds from other areas to be sure that all of the needs associated with the aftermath of the attacks are covered. There are some costs, however. And the impact, of course, of diverting funds is that it will have some effect on processing work.

Mr. BECERRA. Does that mean that recipients, whether they are retired, whether they are disabled, or whether they are the survivors of deceased who, not as a consequence of September 11, may find that the processing of their claims may be delayed?

Mr. MASSANARI. Yes, that could happen. To give you just an example of what this could mean in terms of diverting funds, about \$10 million, if you look at it in terms of \$10 million increments—and in this case, we are talking a difference of about \$33 million. But \$10 million equates to just over 100 work-years, and with 100 work-years, we process something in the neighborhood of 13,000 disability claims. So if you multiply that 13,000 cases times three, we are probably talking something around 40,000 disability claims that would be delayed because of having to divert funds. That is simply an example. The impact could be in another kind of claim.

But what it will mean is that it would have some impact on case processing.

Mr. BECERRA. Well, let us work with you because I don't believe any of us want to see that occur where, as a result of trying to do the good work of providing assistance to the victims of September 11, that other very needy and those recipients that are expecting this assistance will have to suffer the consequences of any delay.

I want to again just say thank you for that testimony. I hope you will let us know if some of these uncertainties of temporary closures of offices, the evacuations, will also increase your costs. So you can let us know, and we look forward very much to working with all of you as you continue your work. And I think you continue to prove that when it comes to the Social Security Administration and Social Security program, it is and has been the most successful Federal government program this country has ever created. And we look forward to working with you to keep on championing that program and make it clear to the American people that we are there to help.

Thank you very much, and thank you, Mr. Chairman.

Mr. MASSANARI. Thank you, Mr. Becerra.

Chairman SHAW. There are a couple votes on the floor, but I am going to yield to Mr. Lewis before we start to vote.

Mr. LEWIS. Thank you, Mr. Chairman.

Mr. Commissioner and Ms. Disman and Ms. Watkins, we certainly appreciate you coming today and giving your testimony and certainly appreciate the outstanding job that your team is doing, so thank you.

Mr. Commissioner, going back to the Social Security card and the problems with fake cards, how easily is it today for Social Security cards to be counterfeited?

Mr. MASSANARI. I think if you were taking an existing card and altering it, it is probably not that easy. It can certainly be done, but it is fairly apparent when it is done because of the card stock that is used and also what you call intaglio printing. So I think it is fairly noticeable; if one looks carefully, you can tell that the card has been counterfeited.

I am probably not in the best position to determine how easy it is to buy a fraudulent card on the street, but certainly there are examples where that has been done. There is no question of that.

Mr. LEWIS. Do you have any data on how often it does occur, any information?

Mr. MASSANARI. Where there are counterfeit or fraudulent cards?

Mr. LEWIS. Yes.

Mr. MASSANARI. I don't, no. I think we would not necessarily know in how many instances cards have been counterfeited. We would be able to identify—I think the Inspector General may have some information on those cases where we have identified that there is a counterfeit card, where somebody has tried to present a fraudulent document, a fraudulent card. But beyond that, I don't have any data, no.

Mr. LEWIS. OK. I need to ask Mr. Huse some questions a little later concerning some concerns that our State may have as far as driver's licenses and Social Security cards. Thank you.

Mr. MASSANARI. A concern we share, Mr. Lewis.

Mr. LEWIS. Thank you.

Chairman SHAW. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman. I am wondering, with today's technology, why you don't put photos on cards.

Mr. MASSANARI. On the Social Security card itself?

Mr. JOHNSON. Yes.

Mr. MASSANARI. It has largely been a matter of cost. As I had mentioned, we did some work back in 1997 and submitted a report to the Congress at that time indicating how the card might be enhanced, and that is one possibility.

One of the reasons, I think, is it is very costly.

Mr. JOHNSON. We have a license bureau for driver's licenses all over the country that do that. You just walk up, they got your picture on the card.

Mr. MASSANARI. But if you were to—I think the issue has been one of having to re-enumerate people. Probably right now about 280 million people would have to be re-enumerated. And our estimate was that it would take about 70,000 work-years to do that. It can be done, but it—

Mr. JOHNSON. Well, then, how do you determine whether a guy has got a card fraudulently or not if you don't have—I mean, do you have to re-enumerate everybody to figure that out? I know in your statement you mentioned that you are taking the lead to form

an interagency task force with Immigration and Naturalization (INS) and the U.S. Department of State to enumerate people as they enter the country. Can you explain how that would result in a more effective process? And would there be extra requirements for an immigrant?

Mr. MASSANARI. Right now, it is a two-step process where INS makes the determination regarding lawful entry and also authorizes an individual to work. And they at INS then issue the appropriate documentation for that individual. Then that individual comes to Social Security for a Social Security number, presenting the INS document. Where there is a question, we independently verify that INS document.

The idea of—

Mr. JOHNSON. Well, if you independently verify them, how did some of those terrorists get cards?

Mr. MASSANARI. If I might, let me come back to that. The advantage of enumeration at entry is it would be a one-step process, where at the time that the information is provided to INS for lawful entry, INS would then electronically transmit that information to us, and we would then issue a Social Security card based upon the information that INS had gathered and had verified. It would be a one-step process. And as long as INS had determined that it is the appropriate individual, then we would use that same information to enumerate them. It is faster, it is more secure, and it is a far more accurate process.

Mr. JOHNSON. I agree with you. When do you expect that to be implemented?

Mr. MASSANARI. Well, the first phase of this is supposed to be brought up next August. One of the reasons for our wanting to assemble an interagency group is to accelerate that process. We would like to see it brought up next spring.

Mr. JOHNSON. Thank you, Mr. Chairman. Thank you, sir.

Chairman SHAW. Thank you.

The Committee will recess. I understand there are probably two votes on the floor, one on an appropriations bill and the other on approval of the journal. And so we will recess, but we will reconvene immediately following the votes. And I hope the witnesses can stay.

[Recess.]

Chairman SHAW. We are back in session.

Mr. Brady.

Mr. BRADY. You caught me by surprise, Mr. Chairman.

First, Mr. Commissioner and regional commissioners, thank you. I want to echo the praise everyone else has given you today. You are doing just a remarkable job, and I am very proud of you all.

As you know, Mr. Commissioner, you and I are both extremely concerned about the backlog of Social Security disability cases pending before administrative law judges (ALJs). At last count, it was around 430,000 cases.

You have been extremely responsive and have shown a great deal of leadership in working with the Committee to try to alleviate that situation, and I am convinced it was your help and leadership earlier this year that was vital in getting approximately 120 new administrative law judges back into the system. And considering

that there were only 900 to 1,000 of them nationwide, these new judges will greatly help.

Given the current backlog of cases you are working so diligently on, obviously I think we concerned the impact of a catastrophic event could have on a system that is already stretched pretty thin. Also, following the 50 people, as you testified, in the New York area have filed disability claims, I imagine there will be cases filed in the future by workers at the site, by others who were there during that tragedy as a result of breathing all the junk that was in the air and some other occurrences.

And I notice, too, that you felt that needing to divert existing resources to the situation could also delay perhaps as many as 40,000 current disability cases.

My question obviously to you is: What can we do together to try to bring the number of administrative law judges? I know that we need 120 new ones, additional ones, just to come up to the level we were in 1998. I know the judges are handling 50 percent more cases than they were just 2 years ago. So the number of cases is growing, the number of judges has really shrunk, and is now starting to build back up; the time has lengthened, the cases have lengthened. What can we do together, this Committee and yourself, in trying to obtain more administrative law judges and reduce this backlog?

Mr. MASSANARI. First, Mr. Brady, let me just share with you that we did have good news this past month. It was the first month that we have actually seen a decline in the number of pending hearings before ALJs in a period of almost 18 months.

Mr. BRADY. Right.

Mr. MASSANARI. Let me thank you as well for your support and interest in this whole area and in working with us to enable us to bring in those 120 administrative law judges.

As you know, there have been some restrictions and limitations on hiring ALJs because of a legal proceeding before the Merit System Protection Board (MSPB). I think at this point we would be hard-pressed to absorb more administrative law judges into the system with the 120 who we now have in training. They, incidentally, began their training a week ago Monday.

Mr. BRADY. Right.

Mr. MASSANARI. They will report to their assigned offices on the 23rd of November, and, of course, during the next 9 to 10 months, they will continue their training with mentors in their assigned offices. It takes about that long for an administrative law judge to become truly productive. We have established mentoring arrangements with current ALJs.

We think it would probably stretch us to bring on any more administrative law judges much before the end of this fiscal year. I think it bears watching that legal proceeding very closely to see where that takes us and then we will need to determine a strategy from there. Our hope is that the merits of that case will be dealt with in a way that will still enable us to continue hiring ALJs as we need them.

Mr. BRADY. All right.

Mr. MASSANARI. At this point I am not sure that more action needs to be taken until we see where that proceeding before the MSPB takes us.

Mr. BRADY. Well, if you would keep us up to date on that. I know your office and mine talk pretty frequently on this issue. And I know that more judges aren't the only answer, but it is a critical part of the solution and is an important part of the solution. I know, too, that we are working also on programs that create applications early on that are more complete and thorough, where we have better training of State examiners so that they hopefully make more accurate initial rulings, that we are working on better communication with claimants during the process, and I am still convinced ultimately that at some point this Committee or Subcommittee is going to need to look at revising our Federal disability law that is 30 years old and that appears to me has over the years we have had so many conflicting legal rulings and precedents and regulation that makes it difficult, I think, for both these examiners and these judges to make their decisions.

So I think there are a number of ways that both we can work together and some roles this Committee can play in helping.

Thank you, Mr. Commissioner.

Chairman SHAW. Thank you, Mr. Brady. Mr. Cardin.

Mr. CARDIN. Well, thank you, Mr. Chairman, and let me repeat what I think every Member of this Committee has said, but it is worth repeating. We want to thank the SSA work force for their dedication and public service during these very, very trying times. So I hope, Ms. Disman, that you will take that back to the people of New York, the workers in New York, and the workers that were involved at the Pentagon, and, I must tell you, I think throughout the Nation. You are on the frontlines. It is not an easy task today to sit in a mail room sorting out the mail that is important for us to continue the essential work at SSA. And speaking for myself, but also speaking for all my colleagues, we thank you for your public service and the people who are at SSA.

I want to talk a little bit about what is happening at SSA in Baltimore. We have a lot of workers there. There are a lot of security issues. I have had some conversation with the work force. I have had some conversation with the local authorities in Baltimore County and the State whose resources are also being stretched. Every time there is an anthrax concern, it puts additional pressure on the Baltimore County Health Department, on the State health people, and the other local governments in the region.

One of the things I would hope that we would be looking into as we start to allocate resources for security is the needs of our local governments in working with our Federal agencies and dealing with the security issues and the public health issues.

Truly, it is very taxing on the Federal facilities. We are the targets. If you want to try to disrupt our way of life, SSA is a target. We know that, and you are taking that very seriously.

So I guess I would ask you if you would respond as to the cooperation you have had with the local officials in Maryland as well as around the rest of the Nation and whether we should be looking at a more coordinated strategy on the allocation of resources so that we can tie into, as we have, the public health departments of

local governments and also the ability on environmental assessments to use the State and local resources as well as our own Federal resources.

Mr. MASSANARI. We have been working cooperatively with folks in the State of Maryland as well as in the city of Baltimore. When I mentioned earlier some of the things that we were doing in response to the anthrax scares or threats, we have been working at the Federal level to arrange of the environmental sweeps. We are using private contractors who have been retained by the General Services Administration, working closely with the General Services Administration and with the CDC.

But in terms of providing evaluative services, as we have taken employees for evaluation and potential prophylactic treatment, we have been working with local public health facilities, and they have been full cooperative with us and always eager to provide assistance and support.

Yesterday we took almost 300 employees to those local public health facilities. We are taking another 470 today. And they are being very helpful to us in terms of evaluating employees and offering employees prophylactic treatment, that is, antibiotics.

Mr. CARDIN. Thank you for that. Mr. Shaw has been a leader in trying to give your agency a little more flexibility on its administrative budget. And I think this crisis points out the need for us to be concerned about this in that, Mr. Chairman, it is clear that SSA is going to have to draw from other priorities in order to meet the current need on security, whether it is just checking the people at the perimeter security of your buildings, as well as checking people who are coming in, as well as to meet the health needs. And that is going to take manpower away from some of the other functions. If I understand the math here, if the needs are \$20 million and you are getting \$7.5 million, it is going to take away from the other essential programs of SSA, and we will do that because that is the priority. But ultimately we are going to need to come back to these other issues, and I think it points out for us to give you the administrative support you need in order to carry out all of your missions because they are all very important to the people of our country.

We talked about the victims, the direct victims of September 11. Their claims need to be processed and will be processed, but there are other people in the country whose claims also need to be processed, whether it is survivor benefits or disability benefits or receiving their retirement checks. They need that service to be done quickly, and they expect it to be done quickly. And it is our responsibility to make sure you have the resources to do it. And I think we need to work very closely to make sure those resources are made available.

Thank you, Mr. Chairman.

Chairman SHAW. Thank you, Mr. Cardin. Mr. Hulshof.

Mr. HULSHOF. Thank you, Mr. Chairman. I appreciate you convening this hearing, especially I know we had to postpone it from a previous date. I think it's been very enlightening. I appreciate the panel being here.

We have learned a lot today. We have learned from those of you particularly responsive at the ground zero level of addressing those direct victims and family Members from September 11. We have

learned, I think, about the safety measures that you have implemented that all of us who work with Social Security Administration employees and their concern about being safe in their offices. And I appreciate that. We have talked about resources.

What I would like to focus on and really pick up is a thread from Congresswoman Kelly, who was the first one to appear here today, regarding identity theft. Mr. Massanari, as you know, this Committee has looked at this prior to September 11, and I know that there are those since September 11 that have proposed a national identification card, which at least from my vantage point is not the way to go, but that we can certainly have that discussion.

But as this Committee has looked at and you have talked about a little bit some of the identity theft—and I know Congresswoman Kelly talked about it—recently we learned of—I won't ask you to comment or verify this, but a man in North Carolina who was recently charged with the crime of attempting to steal the identity of someone who was actually killed in the terrorist attack.

Congresswoman Kelly talks about what she says, and I am not going to adopt her terminology, but she calls it "a government loophole" that makes identity theft easier, namely, your Administration, the SSA, not being able to distribute death information more timely and suggesting that Social Security numbers be permanently deactivated.

Let me just ask you that very open-ended question. Is this a good idea? Is this feasible? Is it desirable, that is, deactivation of a Social Security number upon death?

Mr. MASSANARI. We certainly share the concerns of Congresswoman Kelly and the Financial Services Committee. We are doing a number of things in that regard. We have begun to explore first of all how we can issue the Death Master File electronically. We are currently releasing it to the U.S. Department of Commerce, who in turn sells it to subscribers in the private sector. We are currently sending tape cartridges via Federal Express, and we are able to do that within a week after the close of the month.

But what we are exploring now with the U.S. Department of Commerce's National Technical Information Service is the electronic transmission of that data rather than sending it via Federal Express.

We are prepared to do that immediately, or as soon as the U.S. Department of Commerce is ready to receive it, so we are now in discussions with them in that regard. In fact, we transmit that Death Master File to the Office of Personnel Management electronically now. We are also looking at ways in which we could release the file and update the file more frequently than monthly, for example, every 2 weeks or even weekly.

In terms of what happens to a Social Security record when we receive a report of death, first of all, I think it is important for everyone to understand that we only issue a Social Security number once. It is never used again. And once we receive a report of death, our records are annotated, they are flagged indicating that the person is deceased, so that any request for information or anyone who wants to match against that record knows that that number holder is deceased.

We maintain that record, however, because earnings during the year of death need to be applied to that account. Where earnings after the year of death are applied, there is an alert that is generated so an investigation can be undertaken.

But, in addition to that, that account remains on our records because family members of that card holder, for example, a spouse or the widow, could later file for benefits against that account. That is why that account needs to remain there.

But I think it is important to understand that our records are annotated and flagged so it is very clear when there is a match against that record that the person is deceased.

Mr. HULSHOF. Again, just a general question. I think now is as good a time to ask it in light of what we have been discussing. What is the real value of a Social Security card today? In other words, as I think my colleague from Arizona talked about, it cannot be used to determine the citizenship status. It is not really proof of the bearer's identity. What is the real value of having that actual card?

Mr. MASSANARI. Well, I think it is very important to distinguish between the card and the number.

Mr. HULSHOF. Right.

Mr. MASSANARI. It is the number that really has the value, and in terms of identity theft, it is the number that is stolen rather than the card itself.

In most instances where you are presenting your number, you are not also asked to present your card. So in those instances, the card has limited value. It is really the number that needs to be protected.

Mr. HULSHOF. I appreciate that. Mr. Chairman, my time has expired. I appreciate it. I yield back.

Chairman SHAW. Yes, sir. Mr. Pomeroy.

Mr. POMEROY. Thank you, Mr. Chairman.

First of all, I would like to associate myself with the concerns raised by Congressman Hulshof. I think that we are all terribly worried about the misuse of these numbers, and your comments are somewhat assuring. But there is ongoing deep congressional concern here, and your further efforts will be appreciated, and I look forward to our ongoing discussions about how we best minimize any prospect for abuse of these numbers.

I want to get to the issues of your resources in order to get the job done. Last Congress, I looked closely at a proposal and had discussions with the Office of Management and Budget about it that would have allowed the administrative functions of Social Security to be funded out of the trust fund, appropriated through the congressional appropriations process drawn out of the trust fund. That is a fairly common practice relative to trust funds. The trust fund serves the intended purpose, and the costs of administering that program come also from the trust fund.

The Social Security trust fund is vast. While the administrative expenses are notable, they do not impact the actuarial life of the fund, again, in light of the significance of resources of the fund.

Looking forward at the extraordinary pressure that there is going to be on general fund dollars, I am wondering what your thoughts are in terms of whether Congress ought to contemplate

again shifting the ultimate source of funding for Social Security onto the Social Security trust fund.

Mr. MASSANARI. As you know, Mr. Pomeroy, the bulk of what we call our LAE account, the limitation on administrative expenses, the bulk of that funding does come from the trust fund. Of course, there are spending limits because our LAE account is subject to the discretionary spending caps, and that, of course, does impose some limits on our ability to spend.

From where we sit within the agency, the mechanism itself is less important to us than getting adequate funds to carry out our responsibilities. So it's not the mechanism that is important to us, but getting sufficient dollars to effectively carry out our mission.

Mr. POMEROY. I thank you for your comment and your gentle way of correcting me relative to my fundamental premise. It was the spending cap that was basically the constraint.

Mr. MASSANARI. Yes.

Mr. POMEROY. OK. That really didn't make a lot of sense, having it under the spending cap, because the spending cap was for the most part trying to deal with general fund outflows.

Well, I think that is an issue we will have to continue to evaluate because there aren't many functions that the Federal government performs more important than the prompt, competent execution of the Social Security program. You have to have the resources to do it. If we are asking more and more in terms of the performance part, without giving you the resources you need to get your job done, the person who ultimately is going to pay the price is those relying upon the Social Security program. So I hope we will be able to work forward making sure you can have the resources you need to get your work done.

Thank you very much. I yield back, Mr. Chairman.

Mr. MASSANARI. Thank you, Mr. Pomeroy.

Chairman SHAW. Thank you. Mr. Collins.

Mr. COLLINS. No questions.

Chairman SHAW. Mr. Massanari, with a little bit of luck, this may be your last appearance before our Committee.

Mr. MASSANARI. I think you said that the last time, Mr. Chairman.

[Laughter.]

Chairman SHAW. Sir, we are dealing with the Senate.

[Laughter.]

Chairman SHAW. But I do understand that Jo Anne Barnhart is about ready to be confirmed. I just want to point out our appreciation for the warm relationship that you have had with this Committee. You have been the Acting Commissioner, I would say without any qualification, through the roughest time since the beginning of the agency, together with the heroes sitting to your left and to your right and the people working under them. And we greatly appreciate your service to your country. We appreciate your taking this agency at a very difficult time and steering it through a horrendous time. And I just want to express the appreciation of this Committee and the American people for the great job that you have done.

[Applause.]

Chairman SHAW. Mr. Collins.

Mr. COLLINS. Mr. Chairman, there is one thing that I would like to mention, and I believe Mr. Brady brought this up a few minutes ago about the administrative law judges. And I believe you answered in the affirmative that there needs to be and should be and will be some reform in that area.

I hear this from my administrative law judges in the Atlanta Regional Office, and we encourage the Social Security Administration to follow through with that proposal. They do need help, and, you know, they are trying to do the best job they can, but there are quite a few restrictions on just how they can operate. And we appreciate your interest there.

Mr. MASSANARI. That is an area we are working on, Mr. Collins, and I can assure you it is an area that our Commissioner Designate has a great deal of interest in, and it will be one of her top priorities when she arrives in the next couple of weeks.

Mr. COLLINS. Very good. Thank you, sir.

Chairman SHAW. Ms. Disman and Ms. Watkins, please express the appreciation of this Committee and I think of all the American people for the wonderful job that your employees are doing to keep this system up and working through very difficult times.

Thank you.

[Questions submitted from Chairman Shaw to Mr. Massanari, and his responses follow:]

Social Security Administration
Baltimore, Maryland 21235

1. Every event, no matter how tragic, has to also be seen as an opportunity. The events of September 11 have given you a chance to assess what the Agency needs to function efficiently in the new world of terrorism. Unfortunately, this incident may not be the last, and the next occurrences could be very different from the first. What plans are you undertaking to better respond for the next time? Is there anything we can do to help in your efforts?

The Social Security Administration (SSA) has gained extensive experience dealing with major disasters, such as Hurricane Andrew in Florida, Earthquakes in Los Angeles and San Francisco, and the Oklahoma City bombing. We will continue to draw upon these experiences as well as the lessons learned in addressing the World Trade Center and Pentagon attacks. Our operational and physical security procedures were effective. We are confident that our personnel will respond with the same commitment and flexibility to any future crises. We will continually refine and update our Continuity of Operations Plan to ensure that critical Agency activities continue in the event of a disaster so that we will be able to serve those who are directly affected by a disaster and the nation as a whole.

SSA has divided its response to the recent terrorist activities into two major categories:

- Short-term initiatives to address identified weaknesses in the Agency emergency response, and
- Long-term strategic initiatives to ensure the Agency would be prepared for the full recovery of its systems and has an effective recovery strategy for future events.

As part of the short-term initiatives, SSA's Office of Systems has created a Remote Control Center (RCC) for the National Computer Center (NCC). The facility allows the Agency to continue operating essential computer systems even when personnel do not have physical access to the building. During the next phase of this project, the RCC will be expanded so that personnel could continually occupy the facility, providing a secondary operating location for the NCC.

In addition, the *Agency's Occupant Emergency Plan, Emergency Response Plan, Continuity of Operations Plan, and Technical Procedures for Off-site Recovery of the NCC Computing Environment* have all been reviewed and updated to reflect the new threats our nation faces.

The primary long-term initiative plan is to review our disaster recovery alternatives. Given the number of recent innovations in technology, the evaluation is necessary to ensure the Agency has effectively covered all its critical assets from a disaster recovery perspective.

2. In your testimony, you say you are following the protocols issued by the Centers for Disease Control relative to referring employees for treatments. Can you summarize for us the number of employees who are under going treatment? Also, have any employees tested positive for anthrax exposure? Has evidence of anthrax been found in any of your offices?

SSA has followed the recommendations of the Centers for Disease Control and Prevention as well as the implementation guidelines from pertinent State and local health departments. In all cases, SSA informed our employees of these guidelines and took steps to ensure that staff followed current procedures. SSA maintained close contact with all involved health departments, advised them of exposure risks at SSA sites, and conveyed the various health departments' advice to managers and employees.

SSA took a number of steps to ensure that employees had access to appropriate medical evaluations. SSA facilitated visits for 930 employees to various health clinics.

We tested a limited number of SSA sites with the highest potential for contamination. Test results for these sites have been negative for anthrax. Therefore, in line with State health department recommendations based on advice from the Centers for Disease Control, we advised our employees that there is no longer a need to continue with antibiotic prophylaxis against anthrax (unless they have been directed to do otherwise by their own health care provider). To date no SSA employees or worksites have tested positive for anthrax.

3. You also mention that you have supplemented existing security and placed an additional 322 new guards in field offices. How are you collecting information from your employees about their concerns for safety? What is the feedback you are hearing from them, given the additional security measures you have taken? Do they tell you there is more to do?

Although we have not had a formal opportunity since September 11 to measure employees' concerns about office security, we know that the attack and subsequent events have caused substantial concerns among our employees about the safety of the facilities in which they work. For example, employees are aware that concerns about possible exposure to anthrax have prompted the closing of a number of Social Security offices since September 11. Fortunately, none of these incidents involved actual anthrax exposures. Immediately after the September 11 attack, we authorized the employment of security guards at all SSA facilities that did not already have them. We are continuing to evaluate the security of our offices and the safety of our employees and will provide enhancements where they are needed. We are confident that through our communications with SSA offices that most employees are satisfied with our response to physical security. However, we do still get emails and letters from individual employees raising issues. Let me assure you that we take our employees' concerns about security very seriously and we will continue to address the concerns that they raise.

4. When new security features are added to Social Security cards to make them less counterfeitable, do you reissue the Social Security cards? Can you tell us how many versions of the card are out there now?

SSA has never undertaken a mass reissuance of SSN cards, in part due to the prohibitive cost. When the format of the card has been changed or we have added new security features, the changes have been made prospectively. We only reissue cards at the request of the cardholder. In 1997, SSA estimated that 277 million cards would have to be reissued if more counterfeit resistant cards were to be issued to everyone.

There are currently 48 different versions of the SSN card that have been used since 1936 when the first cards were issued, all of which remain valid. Since 1978, SSA has required proof of identity and citizenship/resident status when new or replacement cards are issued. The first counterfeit resistant SSN card was issued on October 31, 1983. The current version was first used in June 1999.

5. In light of the recent events, some individuals have called for a national identification card. In 1997, your Agency at the request of Congress, provided a report to Congress regarding options for enhancing the Social Security card. Would you summarize for us your overall findings, how Congress has dealt with this issue in the past, and what are the key points we would need to think about if we were to consider pursuing such an option?

The immigration and welfare reform laws passed in 1996 required the Commissioner of Social Security to develop a prototype of a counterfeit-resistant Social Security Card. SSA responded by issuing a 1997 Report to Congress entitled, "Options for Enhancing the Social Security Card." The legislation required an evaluation of the cost and workload implications if an enhanced Social Security card were issued to all current number holders.

To summarize the findings of the report, it was estimated in 1997 that 277 million cards would need to be reissued, at a cost ranging from \$3.8 billion to \$9.2 billion depending on the card technology selected. Approximately 70,000 workyears would be required. Interviewing people to determine the identity of each number holder requires the largest cost and is the source of the greatest inconvenience to the public.

Key to the future enhancement of the Social Security card is the need to balance privacy protection and public interests, while providing integrity for our data systems. Also, in deciding the features of the card, it would be necessary to decide in advance the uses to which the card would be put.

6. In your testimony, you mention that as soon as you learned that some of the terrorists may have had fraudulent Social Security numbers and cards, you formed a high-level response team. This team, which includes representatives from the Office of Inspector General, has provided you with the first of their recommendations. Can you share these with us?

The high-level response team is reexamining our enumeration process to determine what changes we need to make in our policies and procedures to ensure that we are taking necessary precautions to prevent misuse of Social Security numbers and cards. The team recommends the following seven improvements to the enumeration process. They are to:

- Provide refresher training on enumeration policy and procedures, with emphasis on enumerating noncitizens, for all involved staff;
- Convene a joint task force between SSA, Immigration and Naturalization Service (INS), the Department of State and the Office of Refugee Resettlement to resolve issues involving enumeration of noncitizens, including working out procedures for verifying INS documents before SSN issuance;
- Eliminate drivers' licenses as a reason for assigning a non-work SSN;
- Limit information released by field offices to reduce the potential for identity theft;
- Conduct a mandatory interview for all applicants for original SSNs over the age of 12. Verify the birth records of all applicants for original SSNs over the age of 1 and require evidence of identity for all children, regardless of age;
- Determine the feasibility of photocopying (or scanning) all documentary evidence submitted with SSN applications; and
- Enhance the Modernized Enumeration System (MES) to electronically record the type(s) of evidence submitted by the applicant for all modes of SSN application input. This ensures that an electronic audit trail is available for all SSN applications.

Of these recommendations, the refresher training has been conducted, and a system enhancement to the Modernized Enumeration System has already been implemented. I anticipate that the other recommendations will be implemented within the next few months.

In addition, the response team is reviewing previous Inspector General's recommendations with respect to enumeration. The team is also looking at accelerating several enumeration initiatives that had been underway prior to September 11.

I am confident that these initial and other long-term recommendations under consideration will strengthen the safeguards in our enumeration process.

7. You acknowledge that the World has changed since September 11 and that you need to reassess the balance between customer service and security. You also mentioned that the response team is reviewing previous recommendations made by the Office of Inspector General over the last five years. How have the events of September 11 changed your view of these recommendations?

It is clear that security has assumed a much greater importance now than it had before September 11, and it will have a more prominent role in the actions and decisions of the Social Security Administration.

The Enumeration Response Team formed after September 11 has identified recommendations, including those of the Inspector General, that will strengthen the security of our processes. Specifically, the team reconsidered and recommended implementing several previous enumeration recommendations from the Inspector General. In addition to the team's review, I have also asked my Counselor to review all the Inspector General's recommendations.

8. Regarding ways to improve the enumeration process, would you explain how enumerating at the point of entry could result in a more effective process? Is it easier to verify documentation?

SSA has negotiated an agreement with INS and the Department of State (DOS) where the information required to assign an SSN will be collected as part of the immigration process. The project, known as Enumeration at Entry (EAE), will hope-

fully eliminate the need for SSA personnel to evaluate and verify INS or State Department documentation presented by an applicant.

This process will help SSA reduce the opportunity for fraud since INS or DOS will be providing the information needed to issue a Social Security number to a noncitizen directly to SSA. Initially this process will be piloted for individuals admitted for permanent residence, but with agreement from INS and DOS, the piloted process would then be expanded to other non-immigrant categories.

9. Congresswoman Sue Kelly in her testimony discussed what she sees as a “government loophole” that makes identity theft easier—namely, the Social Security Administration not gathering and distributing death information more timely and utilizing technology, and also suggesting that the Social Security number be permanently deactivated. What do you think of the points Ms. Kelly raises? Can SSA do better? Is deactivating SSNs feasible or desirable?

SSA is working with other agencies, including the National Technical Information Service (NTIS) to implement recommendations made by Congresswoman Kelly. We are currently making changes to provide SSA’s Death Master File (DMF) to NTIS on a weekly, as well as a monthly basis. NTIS, which receives the DMF from SSA, is making plans to process the files weekly and also plans to be able to share that information on a weekly basis to those who request the DMF from them. In addition, SSA has made a commitment to provide the updates to the DMF electronically to the 19 agencies that currently receive the file from SSA and are willing to process the data electronically.

We believe that proposals to deactivate SSNs raise significant concerns, if the term “deactivate” means deleting or removing the SSN and the associated information from SSA’s records. When we become aware that the person to whom a number was assigned has died, we annotate our records to reflect that fact. If any subsequent wage activity is reported, we are aware of it and can investigate. Deleting an SSN or removing it from our main databases would undermine key SSA operations. Deactivation could facilitate fraud if the deactivated numbers can be exploited freely (as in death cases) without raising detection flags in our systems. In addition, deleting SSN earnings histories from our records would create problems in processing claims for survivors benefits for individuals who become eligible long after the worker’s death, e.g. widow.

10. Are there automated systems enhancements, which SSA should implement to improve SSN verification and help eliminate identity theft?

While we believe our current processes are secure, we have a number of systems enhancements underway to further strengthen the security of our enumeration processes.

One such project is Enumeration at Entry (EAE) which we described in question 8.

Another project is to expand agreements with State Departments of Motor Vehicles to verify SSNs during the drivers’ licensing process through a system known as AAMVA-net. Currently 17 States participate and the number is expected to grow. A meeting (including representatives from our Office of Inspector General) was recently held to promote this growth.

There are also enhancements to the Modernized Enumeration System (MES) underway to detect fraud-prone transactions.

11. Has there been any thought of giving a different type of SSN to non-citizens? Would a different identifier help institutions, such as universities, manage and follow the number of foreign students? For organizations that rely solely on the SSN as way of legitimizing a person’s status, would a separate number encourage an organization to ask for more proof of identity and purpose?

SSA is consulting with those who are directly involved, such as law enforcement officials, to help determine whether an identifiably different Social Security number for noncitizens would be desirable. Of course, for SSNs issued after April 1981, SSA’s own internal records indicate whether or not a person was a noncitizen at the time the number was issued.

With respect to SSN cards, those for certain noncitizens already bear restrictive legends. Some identify the owner as having only temporary authority to work. Others bear a legend indicating that the SSN is not valid for employment (in the case of those who are not authorized by INS to work but who have a currently valid non-work reason for an SSN—for example, to receive a Federally financed benefit). Non-citizens who have permanent work authorization receive the same card as U.S. citizens.

12. The IG stated in his testimony that an SSA employee processed an SSN and sold it to a suspected terrorist. How exactly was this accom-

plished? How did this employee get caught for his deed? What if anything can be done to prevent any future occurrences?

While I defer to the Inspector General to discuss the specifics of the case, I believe that any such abuses are very serious, and demand constant vigilance on the part of Agency managers to prevent them. We have an aggressive program in place to address improper or fraudulent activity relating both to the access to personal data in our databases and the issuance of SSNs.

SSA has a comprehensive integrity review system to select cases which contain certain high-risk criteria. Local managers are required to review any case selected through the integrity review process in order to ensure the transaction was appropriate and accurate. If a case is determined to be suspicious, the local office works with the Office of the Inspector General to fully investigate and determine what action is warranted. Through this process, SSA is able to remain vigilant in overseeing the integrity of the enumeration process and fulfill our stewardship responsibilities.

We are continually reviewing our processes to ensure that the most effective safeguards available are in place for maintaining the integrity of SSA's programs. We will work very closely with the Office of the Inspector General to aggressively pursue any allegations of improper conduct.

13. I understand that the IG conducted an audit which focused on SSA pursuing matching agreements with New York and other States that use biometric technologies. The States which use this technology do so to combat fraud and identify ineligible recipients in social service programs. As you know, this technology is used for identification purposes by measuring unique characteristics such as fingerprints. In a recent audit report, the IG recommended that SSA pursue matching agreements with New York and the other States that are using this technology. Can you give us your thought on this? What type of benefits and drawbacks if any would be gained by taking advantage of this technology? What program savings do you believe could result?

SSA agreed, as the Inspector General suggested, to pursue the feasibility of entering into a matching agreement with New York to determine if any SSA beneficiary, who also was receiving or had applied for a State benefit, refused to provide a fingerprint to the State. Under the Inspector General's proposal, those individuals' cases would be reviewed to determine if they were properly receiving benefits from SSA. SSA would not actually use the fingerprint data collected by the State. The use of these technologies even in this manner breaks new ground and consequently SSA is proceeding carefully, but we are proceeding as we agreed. At present, we are unable to estimate the amount of program savings that might result.

SSA recognizes the benefits of technical advances to safeguard the integrity of our programs, and the Agency has demonstrated its commitment to use technology. The developing field of biometrics may well provide opportunities for SSA to improve the administration of its programs, and we are certainly open to those opportunities. At the same time, we must also be aware of the privacy concerns associated with the government collecting and using biometric data.

Chairman SHAW. Now the next witness I believe is just a single witness. We have James Huse, who is the Inspector General, Office of the Inspector General, from Baltimore, Maryland. Mr. Huse, welcome back to this Committee.

STATEMENT OF THE HON. JAMES G. HUSE, JR., INSPECTOR GENERAL, OFFICE OF INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION

Mr. HUSE. Thank you, Mr. Chairman. I am just checking my watch to be sure it is still morning.

Good morning, Mr. Chairman, and Members of the Subcommittee. Before I start, I want to thank Acting Commissioner Massanari for his compliments to the Office of the Inspector General, and I have to say that I am often cast in a tough spot as the watchdog of the agency. But in regard to the events on September

11, we are part of the SSA team. And we have worked as one, and it has been an honor and a privilege for us to do that.

I have come before you on many occasions to discuss the misuse of Social Security numbers, but never before in a situation such as this. In the past 5 weeks, we have learned that the risks inherent in failing to adequately protect the integrity of the SSN may have serious consequences.

My office is currently involved in a great many investigations of subjects and witnesses suspected of association with the events of September 11. It has quickly become apparent just how instrumental the use of a fraudulent SSN has been for these individuals, who rely on aliases and assumed identities in order to integrate themselves anonymously into our society.

I would like to describe one example of an investigation being conducted by the FBI and one of our field divisions involving an individual currently under INS detention for immigration violations. The investigation determined that the individual purchased a fraudulent SSN processed by a former SSA employee who was indicted and prosecuted. The fraudulent Social Security number and associated INS documents enabled this man to remain and function without restriction in the United States.

This is only one example of how the SSN has been integrated in the national investigation into the September 11 attacks. Our office has been a busy participant in the investigation from the start.

Across the country, our agents are assigned to joint terrorism task forces, and four senior investigative officials in Baltimore oversee all of our emergency operations. Many of our investigators are working full-time on the terrorism investigation and responding to allegations of SSN misuse. This has obviously left us somewhat shorthanded in other areas.

What has become apparent in the case I discussed a moment ago, and in all of our work on the national investigation, is that a purloined SSN is as useful a tool for terrorists as it is for identity thieves. We must now address that reality as we continue our efforts to deal with these problems.

The first step in that renewed efforts is to face again an unavoidable reality. While never intended to be such, the SSN is used as our National identifier.

The SSN is used legitimately in so many areas of our lives that it is impossible to think that we can turn back the clock and reverse its use to tracking earnings and paying benefits, the uses for which it was originally designed. We can, however, take two critical steps.

The first is to stop the issuance of SSNs to those who would use them to commit crimes. Enumeration, the process by which SSNs are issued by the Social Security Administration, has been the subject of several audits by my office, and we have made numerous recommendations. Most notable is the need for independent verification of evidentiary documents submitted in support of applications for SSNs. Whether by statute, by regulation, or by policy, SSA must be required to verify the evidence submitted by SSN applicants before approving any SSN application. And if those documents originate with the INS, the INS should certify them.

H.R. 2036, introduced by this Subcommittee, does require verification of birth records for SSN applicants and moves us closer to the INS certification requirement. It is my hope that upon enactment of this bill, SSA and the INS will move quickly to establish such a program. SSA is justifiably proud of its track record of outstanding customer service, but we must achieve a more effective balance between security and expediency. I believe the Enumeration Work Group chartered by the Acting Commissioner within days of the terrorism attacks is developing appropriate adjustments to our business processes to respond to this need.

The second step we must take is to better protect validly issued SSNs. The Subcommittee's bill not only provides better enforcement mechanisms, but is designed to stop the indiscriminate display of SSNs on public documents and the sale and purchase of SSNs over the Internet and by other means.

By acknowledging that the SSN is our virtual national identifier, we accept the responsibility to protect its integrity—not only to prevent the financial crimes that have historically defined SSN misuse, but to ensure that it is not used for other criminal purposes as well.

By limiting the public availability of SSN information and continuing to review the added value of stronger controls over the issuance of SSNs, even if those controls are more time-consuming and more expensive, we can make true progress. We must not maintain the status quo and provide any advantage to those with criminal intentions.

We have already fought long and hard to reduce SSN misuse, and we stand ready to do more. We know now, without question, that this illegal activity not only facilitates financial crimes, but provides capacity for organized criminal enterprises to sustain themselves while engaged in acts of terrorism. Certainly I cannot state that the SSA Office of the Inspector General can prevent terrorism, or even completely eradicate SSN misuse. But the time has come to attempt—and accomplish—still more.

Thank you, and I would be happy to answer any questions.

[The prepared statement of Mr. Huse follows:]

**Statement of the Hon. James G. Huse, Jr., Inspector General, Office of
Inspector General, Social Security Administration**

Good morning, Chairman Shaw, Congressman Matsui, and members of the Subcommittee. I have come before you on many occasions to discuss the misuse of Social Security numbers, but never before in a situation such as this. In the past five weeks, we have learned that the risks inherent in failing to adequately protect the integrity of the SSN may have serious consequences.

My office is currently involved in a great many investigations of subjects and witnesses suspected of association with the events of September 11. It has quickly become apparent just how instrumental the use of a fraudulent SSN has been for these individuals, who rely on aliases and assumed identities in order to integrate themselves anonymously into our society.

I would like to describe one example of an investigation being conducted by the FBI and one of our Field Divisions involving an individual currently under INS detention for immigration violations. The investigation determined that the individual purchased a fraudulent Social Security Number processed by a former SSA employee who was indicted and prosecuted. The fraudulent Social Security number and associated INS documents enabled this man to remain and function without restriction in the United States.

This is only one example of how integral the SSN has been to the national investigation into the September 11 attacks. Our office has been a busy participant in the investigation from the start. Within minutes of the attack on the World Trade

Center, my Special Agent-in-Charge for the New York Field Division was in contact with the FBI, offering the services of the eighteen Special Agents under his command. Our involvement in the ongoing national investigation, mandated by the role the SSN plays in establishing false identities and committing the financial crimes necessary to bankroll terrorism, has grown on a daily basis.

While top management officials at our Baltimore headquarters worked with the Commissioners of Social Security and the Internal Revenue Service to secure appropriate authority to share data with the FBI, our field agents swung into action. Nine of our agents in the New York/New Jersey area remain assigned exclusively to the FBI investigation. At headquarters, one of our agents was quickly assigned to the FBI's Strategic Information and Operations Center, another to the National Infrastructure Protection Center. Six members of our electronic crime team have rendered assistance to the FBI, while two of our computer specialists write programs to more specifically query SSA's databases for information the FBI needs. Seven additional agents are fielding those requests for SSN information on suspects and witnesses, each of which is routed through the FBI's Baltimore office to our headquarters. Across the country, more of our agents are assigned to Joint Terrorism Task Forces, and four senior investigative officials in Baltimore oversee all of our emergency operations. Many of our investigators are working full-time on the terrorism investigation and responding to allegations of SSN misuse. This has obviously left us somewhat short-handed in other areas.

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Chairman SHAW. Mr. Huse, how many of the terrorists had Social Security numbers?

Mr. HUSE. It is my understanding that all 19 had Social Security numbers.

Chairman SHAW. Now, how did the fact that they have Social Security numbers help them to accomplish the destruction that they did?

Mr. HUSE. There is absolutely no doubt from the record and from our investigative experiences since September 11 that these individuals, irrespective of how they came to get a Social Security number—some used fraudulent documents, some may not have; some had expired visas. In any case, the balance of them shouldn't—or wouldn't have received them had all of our systems been integrated together.

But the Social Security number, once obtained, allowed them to obtain driver's licenses, the ability to transport themselves. It allowed them to gain and obtain financial loans and credit. It enabled them to engage in commerce within the United States. Basically, it allowed them anonymity, the ability to absorb themselves into our society below the radar, if you will. And there is no doubt that the obtaining of the Social Security number is the first act that enables you to do all of these things.

Chairman SHAW. Would you walk us through the process that each of these people had to do or you would suspect they had to go through in order to obtain that number?

Mr. HUSE. At every one of the instances, they would have come to this country with some type of documentation—passport and obviously some type of a visa since they were not citizens.

Coming to the Social Security Administration, they would have brought these documents and filled out an application for—

Chairman SHAW. They would personally have to come to the Social Security Administration?

Mr. HUSE. They would personally present themselves. Correct, sir.

Chairman SHAW. OK.

Mr. HUSE. They would then have to assure Social Security by filling out an application that they were legally inside the United States for allowable purposes: tourism, education, work, be that as it may. Then Social Security looks at these documents and determines that they are true and not counterfeit.

Chairman SHAW. Is a copy made of these documents?

Mr. HUSE. Unfortunately, a record is made of them but copies are not. We have hopefully—going forward, one of the recommendations of this work group is that we are going to try to start to do that.

But this comes back to this process. There is an attempt to verify the visa status of these people with INS, but as this Subcommittee is aware, that process is somewhat—it is difficult because the data that INS has is not in real time. There is a time lapse. So there are opportunities for judgments to be made as to whether or not the person obtains the Social Security number based on what they have presented, and it is a possibility that these may not have the scrutiny. They are making this judgment based on customer service, in other words, for legitimate visitors to our Nation, they need

to go to work or they need to begin to school, they can't wait. So they are enumerated. They get the number.

In our post-attack work group, we will change some of those processes.

Chairman SHAW. Now, when someone does come to this country, even if they don't have a green card or a work permit or a work visa, they are here on perhaps a student visa, they still would go in and get a Social Security card or a Social Security number, as I would assume they would need this in order to open a bank account. Some of the universities require that.

Mr. HUSE. For their student ID.

Chairman SHAW. Use it as a student ID number, which practice we are discouraging and will shortly outlaw, I hope. What other reasons would they need a Social Security number for?

Mr. HUSE. When we take the instances, the horrible instances of the September 11 events, they would have needed a Social Security number to get flight lessons, for the applications to take—you know, to make application with a flight school. They certainly needed the Social Security number to get a driver's permit to allow them to transport themselves around from place to place.

The Social Security number is so integrated into our daily lives that it is caused me even to shift my position somewhat before this Committee. I used to think we had the chance to put some of these things back in the box, to pull back somewhat. Now, looking on the realities after September 11, I wonder if we have to face up to the real issue about the ambiguity we all have about this number.

Is it our National identifier or isn't it? It is not my place to make that determination or even to make policy, but I have to ask myself if the procedures we use now are adequate to the uses we have put this number to.

Chairman SHAW. Well, Jim, very simply, it has become a national identifier, whether we like it or not, and I think what our job now is to do—the law was not drawn to make it a national identifier. Now what we have to do is to be sure that the law protects this national identification.

But it would appear that we would still want it to be used when someone applies for a driver's license, although that number, after the issuance of the license, would be protected from public view.

Mr. HUSE. I think that is the ideal, and I think that is the right place for the number. I still truly believe we have an obligation to preserve the privacy of the number. However, it is apparent to me that we have also an equal obligation to make sure that this number has some integrity.

Chairman SHAW. Do you know if the supplying of the Social Security number is an FAA, Federal Aviation Administration, requirement for flight lessons?

Mr. HUSE. I don't know that. We can find that out and get back to you, Mr. Chairman.

Chairman SHAW. I wish you would because—

Mr. HUSE. I do know that the schools required the number, though, as they would—as most businesses do for the financing and application.

Chairman SHAW. Well, even when you are not dealing with terrorists, I kind of want to know who is up there, I think so, because

we are down here. And I think that is important to all of us. Mr. Hayworth?

Mr. HAYWORTH. Thank you, Mr. Chairman.

We appreciate your testimony, sir, and it raises many more questions. When you talk about flight lessons, the tragedy of this, in hindsight, at the Scottsdale Air Park we know that some of these perpetrators—strike that—murderers took their flight lessons at Scottsdale Air Park. I visited the facility.

But as we are looking at this, it seems to me just hearing this testimony that we are going to have to devise some other means of student identification for foreigners who come to this country. I know that many of us have relied—the Social Security number first became an identifier for me during college days when grades would be posted out, and thank goodness people didn't have your number memorized. But even thinking about that action now, think about the propensity for someone who actually shows up to go to school for a while, may start as undecided, then decides to major in nuclear engineering, to go down the hallway and copy down numbers when grades are being posted.

There are so many things that we have to take care of, but I think we are going to have to definitely rethink any type of application of foreign students for Social Security cards to be registered on university campuses. That is going to have to change.

Inspector, recent press reports discussed the indictment of an individual in Phoenix based on Social Security charges with possible connections to the terrorist attacks. Can you tell us what role your office played in that investigation? And are you able to share any of those findings with us at this hearing this morning?

Mr. HUSE. Mr. Hayworth, that is true. My office, working with the FBI and the United States Attorney in Arizona, in Phoenix, have been able to effect the indictment of an individual who is associated with these activities of September 11.

I can't be too specific because some of this information is still part of the active investigation. But for a fact, this individual obtained his Social Security number using false, fraudulent information, and he has been indicted for those crimes before the United States court in Arizona. In fact, this past weekend, he was brought back from Europe to answer that indictment.

Mr. HAYWORTH. Again, to amplify your testimony, Inspector, all 19 of the perpetrators had Social Security numbers.

Mr. HUSE. Yes. That is my understanding, that all 19 had Social Security numbers. Thirteen of them obtained those numbers, as near as we can determine, in a lawful manner, meaning that we decided they were worthy of receiving the number. And the balance, the other six, obtained them fraudulently, with phony numbers. In other words, 13 of the people at least were the same name as who they claimed to be in death as they were in life.

Mr. HAYWORTH. So they walk right in, sit right down, I guess the distinction is just because it was legal or fit the rules, in retrospect, obviously, didn't make it right. We are going to have to rethink the entire process.

Mr. HUSE. That is our—those have been our recommendations in much of our work the past few years by my office in a range of audits. We do really need to verify all of the documents that are

brought before the Social Security Administration in granting these numbers. Each and every one of those breeder documents need to be verified.

Mr. HAYWORTH. Thank you, sir. Thank you, Mr. Chairman.

Mr. HUSE. I might add, no matter how long it takes, which is—that is the distinction in these days.

Mr. HAYWORTH. I think the distinction, too, whatever it takes. If we have learned anything in the wake of these attacks on our homeland, three words sum it up: Whatever it takes, needs to be done.

I thank you. Thank you, Mr. Chairman.

Chairman SHAW. Thank you, Mr. Hayworth.

Just a follow-up question. Is there any distinction made on the Social Security number that would in some way code the designation of the individual holding the card? Would there be a separate designation for a non-working visa as to a working visa?

Mr. HUSE. We have a process of issuing non-work Social Security numbers, and those numbers are able to be determined, as opposed to a number that is issued for work purposes. We have to do this because some of the visitors to the United States have—let me say in the past we have had to do this because some of the visitors have needed a Social Security number, certainly at least in six of our States, in order to get a driver's license—well, actually, in more States than that, but in six States it is the driver's license number. So the practice of issuing non-work Social Security numbers is one of the matters that is under review by the agency in this process of re-evaluating the enumeration.

Chairman SHAW. If I might make a suggestion, it seems that perhaps a prefix or a code, even if it was a single letter, that would designate and point out whether someone is a citizen and what their status was, by just putting a code, and when someone became a citizen, that could be removed from their number and they would retain that number from then on. So I think that might be helpful in trying to identify the people as to what their status is in this country.

I would assume that the flight school would not have known the status of the people taking those flight lessons by just looking at the Social Security number.

Mr. HUSE. No, they would not.

Chairman SHAW. They could have been citizens.

Mr. HUSE. Correct. There is no way for someone in commerce like that to know what the number stands for.

Chairman SHAW. I have been just handed by staff, and for the record, I should read this: The Social Security Administration issues three types of cards: the cards which show an individual's name and Social Security number, allowing that individual to work with restrictions, issued to U.S. citizens or people lawfully admitted to the United States with permanent INS work authorization. Two, the card that bears the legend "Not valid for employment"—so that would be helpful—issued to those from other countries lawfully admitted to the United States without work authorization from the INS, and who need a number because of Federal law requiring an SSN to get a benefit or service; and, three, the card that bears a legend "Valid for work only with INS authorization," issued to

those who are lawfully admitted to the United States on a temporary basis and with the INS authorization to work.

Social Security Administration
Baltimore, Maryland 21235

Your Number And Card

How To Get A Number And Card

To get an original number and card, you'll need to complete an Application for a Social Security Card (Form SS-5), and show documents that prove your age, identity, U.S. citizenship or lawful alien status.

To get an application:

- Use www.ssa.gov/online/ss-5.html on the Internet.
- Call **1-800-772-1213**.
- Or, visit a local office.

Call your local Social Security office or our toll-free number **1-800-772-1213** before you visit the office. Tell them what documents you have. That way you won't have to make a second trip.

Remember, there is no charge to get a Social Security card. This service is **FREE**.

Types Of Cards

We issue three types of Social Security cards:

1. The card most people have shows your name and Social Security number and lets you work without restriction. We issue it to:

- U.S. citizens, or
- people lawfully admitted to the U.S. with permanent Immigration and Nationalization Service (INS) work authorization.

2. The second card bears the legend, "NOT VALID FOR EMPLOYMENT." We issue it to people:

- from other countries lawfully admitted to the U.S. without work authorization from INS; and
- who need a number because of a federal law requiring a Social Security number to get a benefit or service.

3. The third card bears the legend, "VALID FOR WORK ONLY WITH INS AUTHORIZATION." We issue it to people:

- lawfully admitted to the U.S. on a temporary basis; and
- with INS authorization to work.

How To Replace Your Card

To get a duplicate card because yours was lost or stolen, or a corrected card because you have changed your name, call or visit your local Social Security office to use this FREE service. You'll need to:

- Complete an Application for a Social Security Card (Form SS-5).
- Show evidence of your identity. If you need a corrected card, we need to see one or more documents which identify you by the old name on our records and your new name. The document showing your current identity must be of recent issuance so that we can determine your continued existence.
- Show evidence of your U.S. citizenship or lawful alien status if you were born outside the U.S.

Your duplicate card will have the same name and number as your previous card. Your corrected card will have your new name and the same number as your previous card.

Proving Your Identity

Some documents we can accept to prove your identity are:

- driver's license;
- employer ID card;
- school ID card;
- marriage or divorce record;
- health insurance card (not a Medicare card);
- military ID card;
- adoption record; or
- life insurance policy.

Protect Your Number And Records

Your Social Security number is used to keep a record of your earnings. Here are some things you can do to protect your earnings record and to make sure it is accurate:

- Keep your number and card in a safe place to prevent their theft.
- Show your card to your employer voluntarily when you start a job, so your records are correct. Don't rely on your memory.
- Check your name and Social Security number on your pay stub and W-2 form to make sure they are correct.

Giving Your Numbers to Others

If a business or other enterprise asks you for your Social Security number, you can refuse to give it to them. However, that may mean doing without the purchase or service for which your number was requested. For example, utility companies and other services ask for your Social Security number, but do not need it; they can do a credit check or identify their customers by alternative means.

Giving your number is voluntary even when you are asked for the number directly. If requested, you should ask:

- why your number is needed;
- how your number will be used;
- what happens if you refuse; and
- what law requires you to give your number.

The answers to these questions can help you decide if you want to give your Social Security number. The decision is yours.

Our primary message is this—be careful with your Social Security number and your card to prevent their misuse.

If you think someone is misusing your number, ask us for the leaflet, *When Someone Misuses Your Number* (Publication No. 05-10064).

Privacy of Records

We can't prevent others from asking for your number. And we can't control what uses are made of your number once you give it to someone. However, you should know that giving it to them does not give them access to your Social Security records. The privacy of your records is guaranteed unless:

- We are required by law to disclose information to another government agency.
- The information is needed to conduct Social Security or other government health or welfare programs.

What Does Your Number Mean

The nine-digit Social Security number is divided into three parts:

- The first three digits are the area number. If your Social Security number was assigned before 1972 when Social Security cards were issued by local offices, the area number reflects the State where you applied for your number. If your number was assigned in 1972 or later when we began issuing Social Security cards centrally, the area number reflects the State as determined by the ZIP code in the mailing address on your application for the number.
- The middle two digits are the group number. They have no special geographic or data significance but merely serve to break the number into conveniently sized blocks for orderly issuance.
- The last four digits are serial numbers. They represent a straight numerical sequence of digits from 0001-9999 within the group.

For More Information

Check our website at www.ssa.gov for answers to many of the questions you may have about Social Security. You also may call us toll-free at 1-800-772-1213. We can answer specific questions by phone from 7 a.m. until 7 p.m. on business days and provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

Chairman SHAW. I would add to that that we should have a separate designation as part of the number, because I know I have been asked for my Social Security number for any number of things, including trying to get frequent-flyer miles. I won't give it out for any number of things. But, anyway, I can't remember ever being asked to produce my card. My card is my original card, so it is very, very old.

Mr. HUSE. As is mine, and it bears the legend, "Not for identification." But the truth is, even in making application for flight lessons, or whatever you are doing, or for credit cards, which is also a dimension to this, you don't ever show the card. A lot of times if it is done online, you don't need to. It is the number, not the card.

Chairman SHAW. Yes, and we need to make that part of the number. Mr. Pomeroy?

Mr. POMEROY. Mr. Chairman, I want to thank you for holding this very important and timely hearing.

Inspector, I note the evolution of your position, and I think that it is the right direction. Indeed, the use of the Social Security number as a national identifier is so completely interwoven into 21st century commerce that there would be an awful lot of expense and consumer inconvenience in trying to unravel all of that and start with something new. So then the issues are, as you point out, making certain that they not issued improperly or under fraudulent application, and then that once issued, once legitimately issued, policed very carefully. I think your testimony is right on point. I commend you for your new position.

Anything you would like to say about what brought you to this conclusion?

Mr. HUSE. Well, I think it is in the events following September 11. I think all of us as citizens have come to review many of the freedoms we have taken for granted in this country, and certainly as these issues bearing on homeland security or homeland defense have been brought to our attention, it seems to me that one of the key pieces of homeland security is the notion that we have some surety that we are who we say we are. And we have seen many, many opinions, both here in the Congress and in other parts of the media and other people talking about the efficacy of a national identification card and that type of—well, I mean, that is not my place. That is a far greater debate than I certainly feel competent to even initiated.

But I do know that we have, if we accept the record that we brought here to the Subcommittee the past few years, we already have a de facto national identifier. So it seems important to me that we look at the process we have today to secure that identifier.

The process we have, well intended, is certainly not as robust as it needs to be. That is a fact. We have to fix that. If we are going to accept that it is what we say it is, we have to push this ambiguity away.

Then going forward, we have to look at how do we make that even stronger, taking into account all of the technology and all of the rapid information uses that we have to live and survive in this world today in real time. And I think then, well—and we have suggested this in our recommendations. Maybe we need to couple the

number with a biometric or some sort of system of making it really stronger.

None of this takes away from the uses that it has today, and if we control the privacy aspects by limiting the exploitation of the number, I think we have done a good thing. And I think that puts us in the right place because even if—and, again, I am not suggesting a national identification card. That is not—but even if someone went that way, how would they ever start that process without starting with the Social Security number first? And it is already here.

So no matter where we go, we move out from this point. So I think just logic tells us we are in the right place right now on this issue.

Mr. POMEROY. Your ongoing counsel is going to be very helpful to the Subcommittee. Thank you. I yield back, Mr. Chairman.

Chairman SHAW. I think Big Brother, if he is not already here, he is on his way.

Mr. HUSE. Well, no, I think the balance, Mr. Chairman—and you are absolutely right. It is an obligation on us, though, that it doesn't become Big Brother. But, on the other hand, we have to make sure that there is enough there to keep us secure. That is a huge obligation.

Chairman SHAW. With every bit of security, there is a loss of rights. We know that. And it is a question of finding the right trade-off. People lose rights when we put up metal detectors to come into this building or the Capitol. When I came here 20 years ago, we didn't have that. There was no security, hardly, just a policeman at the door.

Mr. Lewis.

Mr. LEWIS. Yes, thank you, Mr. Chairman.

Inspector, recently I forwarded a letter to your office that was from the Circuit Court Clerk in Jefferson County, Kentucky, with his concern about the State of Kentucky requires a Social Security number for an individual to receive a driver's license there. You mentioned there—

Mr. HUSE. Yes, and it is not alone in that, sir. I think most States do.

Mr. LEWIS. And he wanted—and I would like a comment from you. Is there something that the State or Federal Government can do to try to close these loopholes for fraudulent Social Security numbers and those individuals that are here maybe on a B1 or B2 tourist visa to limit their access to those numbers or—well, just some comments on how the States could work with the Federal Government to try to deal with this.

Mr. HUSE. On the first part of your question, we really do need to work closer with State and local governments on these issues. That is a fact. And even in looking at dealing with the Social Security number itself, we have decided that we have to change our approach and really participate in as many of these local, county, State endeavors, task forces that are brought up under the aegis of a local sheriff, or what have you, as we can. And we have adjusted our resources to start to do that.

But all of the State licensing registries of motor vehicles, secretaries of State, belong to the National Association of Automotive

Administrators—is that the right title? But we have received, almost at the same time we learned of your interest, Mr. Lewis, a letter from their national director over in Alexandria, and they have asked us to work with them. So we are going to do that, and I know they have sent a similar letter to Commissioner Massanari. And I think this is a good place to start, where we start to look at the common problems here, the interlocking dependence that we all have now with the Social Security number. It has gone way beyond just a Federal issue. And I think that puts obligations and burdens and responsibilities on us, and we are going to do that.

The last part as to this whole visa issue, I think the President has spoken about this this week and formulated a task force just to look at foreign—I forget the title. Some of these titles are beginning to blur, they are so similar. But it will look at visas and why they are issued and who gets them and who should. And I think if we enforce the rules on visas on the issuing side and make them more valid, and then we link INS and Social Security Administration together in real time for cross-verification, as Commissioner Massanari suggested, we fix some of this because then that will take out the counterfeit or the phony or the illegitimate person trying to get a driver's license.

Mr. LEWIS. Very good. Thank you.

Chairman SHAW. Mr. Hulshof?

Mr. HULSHOF. Thank you, Mr. Chairman.

Following up, I think you may have even answered my question, Mr. Huse, but let me put it maybe in a different way, because you have described for us the process that a non-citizen would undertake to obtain a Social Security number. As you described, SSA has to rely primarily on documents from the Immigration and Naturalization Service. I hesitate to put the question to you in this way, but what is the weakest link in the verification process? Is it on the visa side or the lack of sharing information between INS and SSA? How can we shore up that paper verification process?

Mr. HUSE. Well, we have been looking at that. That is probably the most vulnerable area, as you have correctly identified it.

There are two aspects to this, and this has been recognized for some time. We have been engaged in an effort now for 2 years, to my knowledge, to try and improve the interaction between INS and SSA. There are plans. These plans, of course, are resource-dependent and they get postponed or rescheduled based on other exigencies, and that is where I think we have to reallocate some of our attention. But, clearly, we have to make those events much closer in real time. We are headed there.

On the other hand, the other part of this is we are driven, or used to be driven, before September 11, by customer service concerns, that, you know, we want to get this done in 5 days, nobody should have to wait any longer than 5 days for a card. We have all of these—and, you know, the truth is the balance of people who come to receive a Social Security number are legitimate, honest people, whether they are U.S. citizens or visitors from abroad. That is the truth. And they want to go to school or they want to work or do whatever they are here for.

The only answer is to make it a one-step in real time verification.

Mr. HULSHOF. Would the Chairman permit one additional question?

Chairman SHAW. Yes. I didn't set the clock.

Mr. HULSHOF. Let me ask you this: As much as you can comment, Mr. Huse, it has been reported that one of the perpetrators of the September 11 attack had gotten the Social Security number of a woman who had died, who was deceased.

Mr. HUSE. That is correct.

Mr. HULSHOF. Have you been able or has law enforcement—how was that accomplished? How was that individual able to obtain that deceased individual's Social Security number?

Mr. HUSE. Exactly where that person—who, incidentally, was the roommate at one time of the individual Mr. Hayworth was talking about indicted in Arizona this past week. Where that man got that deceased lady's Social Security number exactly, we are not sure. But we do know that there are many ways to get those. They are posted on the Internet. As you learned, the death register is sold to many commercial entities. That information is out there. You can buy it as a record and just look them up.

If I could, Mr. Chairman, just correct one thing for the record. I said that all had Social Security numbers. We don't know that all of them had Social Security numbers. We know that all had multiple identifications, and some had multiple Social Security numbers of the 19. My investigative chief has accurately corrected me, and I would not want to be in error.

Mr. HULSHOF. I yield back.

Chairman SHAW. Our staff corrects us, too.

Mr. HUSE. Well, I need a lot of correction.

Chairman SHAW. Sometimes I think we get too much direction from our staff.

[Laughter.]

Chairman SHAW. Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman. For me at home, I have the last word. It is always, "Yes, ma'am."

[Laughter.]

Mr. COLLINS. Mr. Huse, I read just a blip of a news article—and I did not get the chance to read the whole article—that indicated that in the anti-terrorism bill there was a requirement for a national ID or an ID number to be put forth on anyone coming into this country as a non-citizen. Are you familiar with that?

Mr. HUSE. I am not familiar with all of the terms of the bill. I do not know if we saw that or—

Mr. COLLINS. It said it was tucked away in the bill and that it would require a special ID number for those who enter this country as non-citizens. I am going to dig into that a little further, but I think that would be an interesting concept because I really do not see the need for Social Security numbers for a lot of people who come into this country, particularly as a student. I mean, why would they need a Social Security number? They are not going to work. Some type of ID number would be fine. And like the Chairman, I think there should be some distinction between citizens and non-citizens when it comes to a Social Security number also.

I want to ask a question about the work that is going on in New York and in Washington. I know you all are very active in working

to assist in processing claims. Are you taking the list of missing persons and going ahead and putting together potential information for those people, or are you waiting for an application to come in to put the information together?

Mr. HUSE. I am not probably the person to—that is on the operation side.

Mr. COLLINS. I should have asked Social Security, yes.

Mr. HUSE. You are looking at assisting the victims.

Mr. COLLINS. Yes. They have a list of missing persons, and as they identify them, then the identification is confirmed.

Mr. HUSE. Right.

Mr. COLLINS. But are we, in preparation for the anticipation of the confirmation of those missing persons, doing anything preliminary work to make sure that we can expedite their claims? Also, are we reducing the possibility of fraud?

Mr. HUSE. I am sure someone from the—we will get that question to Acting Commissioner Massanari, and they will answer you. I am sure they are, but I—

Mr. COLLINS. I think that could help in reducing the possibility of fraud.

Mr. HUSE. Well, and that is why, again, staff—we are taking the list of victims as they are verified from the FBI, and we are incorporating them in our records. And as a matter of fact, this past week we have had our first case, as reported in the New York Times, of an individual trying to make a claim on benefits, Social Security benefits, fraudulently claiming that she had lost family members in the World Trade Center. And we will vigorously prosecute those cases. Trust me.

Mr. COLLINS. Good. Great. You need any help?

We handle things a little differently in prosecution in some areas of the country than others. Thank you for your time. Thank you for your work you do. You have testified before this Committee on a number of occasions, and it has always been a pleasure, and it has been very informative. We appreciate your work.

Mr. HUSE. Thank you, sir.

Chairman SHAW. Mr. Huse, just a couple of points that I do want to discuss with you. Have you done an assessment as to what is being done, what precautions are out there to protect the employees of the Social Security Administration?

Mr. HUSE. I have, Mr. Chairman, and I have communicated my concerns to Acting Commissioner Massanari as I have looked at that. We certainly have looked at all kinds of issues, the physical security of our facilities and operations, also the issue of threats to our employees as a result of trying to do their jobs. And, of course, the more we have internal controls, the likelihood that these threats increase. So in both instances, we have communicated those to the Acting Commissioner Massanari.

Chairman SHAW. Okay. I won't ask you the results of that because I don't think that would be proper in a public hearing.

We thank you for the job that you do, and you have certainly been a friend of this Committee. We appreciate it.

Also, I am going to make a part of the bill that we are presently contemplating on the uses of Social Security numbers, I am going to be considering putting some identifier with the number desig-

nating the citizenship status as well as the visa status of non-residents or non-citizens of this country.

Mr. HUSE. I think that is a good idea.

Chairman SHAW. Thank you very much and this hearing is adjourned.

[Whereupon, at 12:27 p.m., the hearing was adjourned.]

[Questions submitted from Chairman Shaw to Mr. Huse, and his responses follow:]

Social Security Administration
Office of the Inspector General
Baltimore, Maryland 21235-0001
November 30, 2001

1. Congresswoman Sue Kelly in her testimony discussed what she sees as a "government loophole" that makes identity theft easier—namely, the Social Security Administration not gathering and distributing death information more timely and utilizing technology, and also suggesting that Social Security numbers be permanently deactivated. What do you think of the points Ms. Kelly raises? Can SSA do better? Is deactivating SSNs feasible or desirable?

I believe the point raised by Congresswoman Kelly about the Social Security Administration (SSA) not gathering and distributing death information more timely is valid. SSA is considering ways to improve the timeliness of States' reporting of death information. SSA has established pilots with several States to determine the feasibility of having death records electronically transmitted to SSA within 48 hours. My office plans to review the Agency's results and plans for this process.

While I agree that SSA's release of death information could be timelier, I am also concerned with the accuracy of death information. Our audit work has revealed systematic errors in the Death Master File (DMF), and we have recommended steps that SSA can take to improve the reliability of this critical data. Among these recommendations were matching the DMF against auxiliary benefit records to ensure that individuals receiving benefits in one system are not listed as deceased in another, and reconciling 1.3 million deaths recorded in SSA's benefit payment files that do not appear in the DMF. We are faced with striking a balance between speed and convenience on the one hand and accuracy and security on the other. In the post-September 11th environment, we must be particularly cautious in striking that balance, and any attempt to accelerate the death reporting process must be undertaken in full awareness of the importance of accuracy.

With respect to deactivating the SSN of deceased individuals, I have several concerns as to the practicality and feasibility of this proposal. One such issue is the reliability of the DMF. In our July 2000 audit report entitled *Improving the Usefulness of Social Security Administration's Death Master File (A-09-98-61011)* we found that about 1.3 million beneficiaries' deaths were not recorded on the DMF. The report also noted that SSA does not verify the accuracy of death reports on the DMF for non-beneficiaries' thus, the risk of "deactivating" the numbers of living persons, or failing to deactivate the numbers of deceased individuals poses a significant problem. Another issue is what would constitute "deactivation" because SSA uses SSNs for deceased persons for various legitimate purposes. For example, SSNs are the basis for Social Security claims by surviving spouses and children of the deceased. I believe further study would be needed before seriously contemplating the scope and implications of deactivating SSNs.

2. Are there any other measures that you might suggest to help provide for increased homeland security?

Within the context of the Social Security Administration and its programs, the most valuable contribution that SSA, my office, and the Subcommittee can make is to better protect the integrity of the Social Security number at its three stages of existence: upon issuance, during the life of the number holder, and after the number holder's death. Of these, the most critical is the first, and I would refer you to my testimony of November 1 and November 8 of this year for detailed discussions on this point.

3. Given the increase in SSN fraud and identity theft, what role has your office taken in prevention and enforcement related to SSN misuse. Are there any federal agencies that primarily have the task of combating SSN misuse and ID theft?

Under the Identity Theft and Assumption Deterrence Act of 1998, the Federal Trade Commission (FTC) is the central clearinghouse for identity theft complaints. The Identity Theft Act requires the FTC to log and acknowledge such complaints,

provide victims with relevant information, and refer their complaints to appropriate entities. Both FTC and SSA established a website (www.consumer.gov/idtheft/ and www.ssa.gov/pubs/idtheft/) that includes a hotline number for identity theft victims.

However, given our obligation to protect the integrity of the Social Security number (SSN), we have not limited ourselves to referring cases and providing information. We are a member of the Identity Theft Subcommittee of the Law Enforcement Initiatives Committee of the Attorney General's Council on White-Collar Crime. We played a key role in the Treasury Department's Summit on Identity Theft in 2000, and hosted a national workshop on Identity Theft which was broadcast nationally on C-SPAN earlier this year. We participated in a national law enforcement conference on implementation of the 1998 legislation, met with U.S. Sentencing Commission officials to discuss sentencing guidelines for identity thieves, and made a presentation at the Canadian Identity Theft Conference to share our work with Canadian, British, and Australian government officials.

To combat Identity Theft on the front lines, we launched SSN misuse pilot projects in five cities across the nation to process complaints referred from the FTC and elsewhere. In Fiscal Year 2000, these Task Forces opened 176 investigations, resulting in 116 Federal and State convictions. We have testified before various House and Senate committees and subcommittees on SSN misuse and Identity Theft on numerous occasions, and made a number of legislative proposals to further reduce incidents of SSN misuse and Identity Theft.

In addition to this external work, we have issued 13 Social Security number (SSN) misuse and identity theft related reports over the past several years. (www.ssa.gov/oig/hotreports.htm). Several of these reports outlined the role SSNs play in the commission of identity fraud crimes and highlighted some of the vulnerabilities found within SSA's document verification process. For example, we detected SSNs issued to individuals based on counterfeit evidentiary documents and concluded that SSA's current verification process is not sufficient to ensure the validity of evidentiary documents presented for original or replacement cards. To effectively reduce the occurrences of improper SSN attainment, we recommended that SSA employ effective front-end controls in its enumeration process.

4. In order to combat SSN misuse, can you tell us what resources you have requested to address this issue? Have you received any of the money Congress has approved to fight terrorism?

With respect to the second question, no, we have not received any of the funds earmarked for combating terrorism. With respect to what we have requested, we have proposed the development of a multi-disciplined SSN misuse team that would combine the talents of forensic auditors, investigators, and attorneys to identify patterns and trends and better target audit work to address the SSN enumeration business processes and systems at Social Security. We are confident that we can create a comprehensive approach to allow for the most effective way to address this issue and provide assistance to SSA, Congress, the public, and law enforcement. To staff this initiative, we requested 114 staff, specifically, 88 investigative staff, 14 forensic auditors, 10 attorneys, and 2 computer specialists. The total estimated funding that would be required to support this initiative would be a two-year, \$14,000,000 increase; a \$7,000,000 increase in Fiscal Year 2002, followed by an additional \$7,000,000 increase in Fiscal Year 2003.

5. Are there automated systems enhancements which SSA should implement to improve SSN verification and help eliminate identity theft?

In our September 2001 audit report entitled Replacement Social Security Number Cards: Opportunities to Reduce the Risk of Improper Attainment and Misuse (A-08-00-10061), we recommended that SSA develop regulations and incorporate appropriate system controls to limit the number of replacement SSN cards an individual can receive during a 12-month period to 3 and over a lifetime to 10. SSA agreed to look carefully at the issuance of replacement cards to ensure that it took every advantage of systematic controls, such as limits, that might allow it to more effectively identify risk factors and avoid the issuance of multiple replacement cards in questionable situations.

In our September 2001 report entitled Audit of Enumeration at Birth Program (A-08-00-10047), we pointed out instances of multiple SSNs being assigned to newborns and recommended that SSA enhance its duplicate record detection and prior SSN detection routines to provide greater protection against the assignment of multiple SSNs. While our review focused on SSNs being assigned to newborns, it should be noted that the routines in question are used to screen all applications for SSNs, regardless of the age of the applicants. SSA has indicated that its 5-year Systems Plan Steering Committee will address our recommendations during its next meeting.

Since the events of September 11th, SSA created the Enumeration Response team to develop proposals to strengthen the enumeration process. My office is a partner on this team. As a result of the team's work, SSA approved a recommendation to enhance its Modernized Enumeration System to provide an electronic audit trail, regardless of the mode used to process applications. Evidence information recorded on applications that we reviewed during past audits and evaluations was insufficient for verification. This information is critical if we are to effectively use fraud preventative techniques, such as data mining.

6. Allegations received by the SSA Hotline involving potential fraudulent SSN use for identity theft increased from 62,000 cases in Fiscal Year 1999 to over 90,000 in Fiscal Year 2000—almost a 50 percent increase in just one year. Can you update this data for us?

Keeping in mind that the numbers for 1999 and 2000 represent a combination of pure SSN misuse allegations and program allegations, which experience has shown us frequently involve SSN misuse, the following are the numbers for 2001: We received 115,101 total allegations, of which 63,941 were pure SSN misuse allegations, and 38,883 were program allegations which may also have involved SSN misuse, for a total of 102,824.

7. Why doesn't SSA require a photo-id when an adult applies for an SSN? Have you recommended that a photo-ID be required?

SSA doesn't require a photo-ID when an adult applies for a SSN card because not everyone has a photo-ID. The general rule for identity evidence is that the document must have been established at a later time and for a different purpose than the birth record, and be of recent issuance so as to establish the individual's continued existence.

When an adult United States citizen applies for an original SSN they must have a face-to-face interview in a local field office and answer questions pertaining to the reason they have reached adulthood without obtaining a SSN. They must also submit a birth certificate and an identity document. If the applicant is either a United States citizen or foreign born alien, they are required to submit proof of age and identity, and proof of either (1) work-authorized lawful alien status, or (2) lawful alien status and a valid non-work reason.

We have not specifically recommended that SSA require a photo ID before issuing a Social Security number.

8. Has there been any thought of giving a different type of SSN to noncitizens? Would a different identifier help institutions, such as universities, manage and follow the number of foreign students? For organizations that rely solely on the SSN as way of legitimizing a person's status, would a separate number encourage an organization to ask for more proof of identity and purpose?

I am not aware of any SSA efforts to assign a different type of SSN to noncitizens. Instead, SSA attempts to prevent and reduce SSN misuse by limiting the issuance of original and replacement SSNs to noncitizens with work authorization or a valid nonwork reason.

While a different identifier (distinct series of SSNs) would help institutions, such as universities, manage and follow the number of foreign students who are conducting their activities in a legitimate manner, it would likely be of minimum value in tracking those individuals who enter the country under pretense. Individuals who have other intentions, such as terrorism, would likely circumvent the system and avoid being associated with a number designed to identify and track them.

If SSA issued a separate number for noncitizens, it would provide notice that this number was for very specific purposes. Whether this would result in any meaningful change would be dependent on the level of diligence that organizations used to verify that the correct individual was using the number for an authorized purpose.

9. You mention in your testimony that your office has completed several audits regarding SSA's enumeration process. You touch on some of the improvements to the process in your testimony, including verifying the personal identification evidence submitted by SSN applicant. Are there any other process improvements, both short and long-term you could recommend, especially with regard to those individuals who are not citizens? How quickly would it take to make such improvements? Would SSA support these?

SSA is working with INS and the State Department on a program that would provide for the enumeration of noncitizens at the port of entry ("Enumeration at Entry" program). We believe that this program will be extremely beneficial once fully implemented. However, we are concerned that full implementation could be years away.

Because many cases of identity fraud involve improperly obtained replacement SSN cards, we believe SSA needs to develop a combination of regulations and systems controls to limit the number of replacement cards an individual can receive during a specified period. Under current SSA policy, any individual can obtain up to 52 replacement SSN cards in a year. SSA has recently formed an inter-component workgroup to look at the issuance of replacement SSN cards to ensure that SSA does not issue multiple cards in questionable situations.

SSA could expand its data matching activities with other Federal, State, and local government entities and explore other innovative technologies such as biometrics. Although SSA has a number of matching agreements in place with State agencies (for example, Bureaus of Vital Statistics) we believe SSA could benefit from expanding computer matches with States and other Federal agencies to include individuals who had benefits terminated due to confirmed or suspected fraud. While the use of biometrics may present privacy concerns, given the tragic events of September 11, we must seriously weigh these concerns against the need for protecting our critical assets. Although biometric technologies are available, I am unsure how quickly SSA could implement such tools.

10. What type of role do you envision SSA having with the Immigration and Naturalization Service (INS)? How could SSA work with the INS in improving this process?

We hope that SSA will continue to collaborate with the INS to develop a better understanding of the extent that immigration issues contribute to SSN misuse and identity theft. SSA, INS and the State Department are working on agreements that will enable INS and the State Department to collect enumeration data from noncitizens entering the United States. Although SSA will still process the SSN applications, the agencies believe this initiative will significantly reduce the possibility of SSA accepting counterfeit documentation and will eliminate duplicate contacts that noncitizens now must make to obtain SSNs. Until full implementation of this initiative, we continue to believe that SSA should obtain independent verification from the issuing Agency (for example, INS and State Department) for all evidentiary documents submitted by noncitizens before issuing an original SSN.

SSA and INS are also working to provide all field offices on-line access to INS' Nonimmigrant Index System. This system would allow SSA personnel to verify documents submitted by noncitizens. Currently, SSA can only verify documents submitted by noncitizens with alien registration numbers through the Systematic Alien Verification for Entitlements program.

Since the events of September 11th, SSA's Enumeration Response Team recommended that SSA join a task force with the INS, State Department, and the Office of Refugee Resettlement to work out procedures for verifying noncitizen documentation.

Ultimately, the success of SSA's efforts will depend upon the priority it places on combating SSN misuse and identity theft and how successful it is in obtaining assistance and support from the INS.

11. You stated in your testimony that an SSA employee processed an SSN and sold it to a suspected terrorist. How exactly was this accomplished? How did this employee get caught for his deed? What if anything can be done to prevent future occurrences?

The Social Security Administration conducts a computer audit-based management review designed to detect suspicious patterns in the realm of employee computer access and transactions. In 1999, such a review revealed twenty initial SSN applications processed by a particular SSA employee that were suspicious. The District Office manager referred the case to the OIG, which initiated an investigation. The OIG quickly discovered that the twenty Social Security cards identified as suspicious were only the tip of the iceberg. In fact, some 163 suspect applications had been processed by this employee. Further investigation by the OIG, working with the FBI, and including information obtained from the Postal Service and the INS, determined that the SSA employee was processing fraudulent SSN applications which were in turn based on fraudulent INS documents. Because SSA cannot yet verify INS records in real time, this scam was detected only through the internal computer audit process and the OIG investigation, and by then, these fraudulently obtained Social Security cards were issued, sent to various post office boxes and then sold on the open market.

This case is a clear example of the need to verify records produced in support of SSN applications, particularly INS records. In all of the 163 cases cited above, INS alien registration numbers were submitted as proof of identity and residency in support of the SSN applications. Investigation revealed that in all but a few of these cases, the alien registration numbers simply didn't exist. It is critical that before

an SSN is issued, the documents presented in support of the application be verified, especially when the documents in question are INS documents.

12. Is SSA required to keep copies of identification and citizenship evidence on file when it issues a SSN? Why not?

SSA policy requires the visual examination of identification and citizenship evidence documents and the recording of this information on the SS-5 application. However, SSA does not require field office personnel to maintain copies of evidence on file. SSA maintains copies of the SS-5 on microfiche. Field office personnel copy suspect or fraudulent documents for review and referral purposes, not for documentation purposes. Since there were approximately 18.4 million SSN applications (original and replacement) for fiscal year 2001, hard copy storage of evidence of identity and citizenship status would likely be overwhelming.

On November 1, 2001 the Acting Commissioner of Social Security approved several recommendations resulting from the work of the Enumeration Response Team, which SSA created to strengthen the enumeration process. This workgroup recommended that SSA expedite implementation of a pilot to photocopy or scan all documentary evidence submitted with SS-5 applications. The plan is to conduct an aggressive pilot, with broad scope, in at least 2 regions to determine the impact of the proposal. SSA plans to pilot this proposal in the New York and San Francisco regions, and it will include the following:

- For original applications, interviewers will photocopy all documentary evidence submitted with SS-5.
- Offices will maintain applications with the documentation in a holding file for a specified period of time.
- The pilots will eventually test the utility of scanning and indexing rather than just photocopying evidence.

13. I understand that the IG conducted an audit which focused on SSA pursuing matching agreements with New York and other States that use biometric technologies. The States which use this technology do so to combat fraud and identify ineligible recipients in social service programs. As you know, this technology is used for identification purposes by measuring unique characteristics such as fingerprints. In a recent audit report, you recommended that SSA pursue matching agreements with New York and the other States that are using this technology. Can you expound on this? What type of benefits and drawbacks if any would be gained by taking advantage of this technology? What program savings do you believe could result?

In our January 2000 report entitled *The Social Security Administration Is Pursuing Matching Agreements With New York and Other States Using Biometric Technologies*, we recommended that SSA: (1) pursue a matching agreement with New York so the Agency can use the results of the State's biometric technologies, and (2) initiate pilot reviews to assess the cost-efficiency of matching data with other States that use biometrics in their social service programs. At the time of our report, almost a dozen States were using or had plans to adopt biometric technologies in their social service programs. In adopting biometric technologies, States had deterred and detected individuals attempting to use multiple identities to apply for State benefits, and realized significant savings. For example, New York estimated savings of almost \$400 million in the first 2 years of their program.

The chief benefit of biometrics is that it offers a potentially foolproof means of verifying a person's identity. The drawback is that it is perceived by some as an invasion of privacy. Without a matching agreement, we were precluded from investigating individual cases. Therefore, we did not measure direct program savings to SSA. However, we found that SSA paid individuals over \$60 million in Social Security benefits who refused to participate in New York's finger-imaging program.

[Submission for the record follows:]

ERISA Industry Committee (ERIC)
Washington, DC 20005-3509
October 31, 2001

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Social Security
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

The ERISA Industry Committee (ERIC), representing the employee benefits interests of major employers, fully supports the goal of the Social Security Number Privacy and Identity Theft Prevention Act of 2001 (H.R. 2036) to stem the proliferation of "identity theft," and other violations of individual privacy, including those that may be involved in future terrorist attacks. However, H.R. 2036 as currently drafted would substantially interfere with the legitimate administration of employee benefit plans and seriously compromise the ability of employers to offer defined benefit pension plans, 401(k) accounts, prescription drug and other health and welfare benefits safely and efficiently to their employees and those employees' families.

The intention of H.R. 2036 in general, and Title II of the bill in particular, is to prevent misuse of social security numbers. Title II prohibits the "sale," "purchase," or "display to the general public" of an individual's social security number. While the intention of that prohibition is clearly defined, the terms "sale," "purchase," and "display to the general public" are not. Those ambiguous definitions risk making legitimate and beneficial uses of social security numbers a violation of Federal criminal law.

ERIC understands that the intention of the bill's supporters is not to prohibit legitimate uses of social security numbers. We have been working with staff to find a solution through more precise legislative drafting. ERIC looks forward to continuing to work with staff and with the Committee to effectively address the problem of identity theft without creating unintentional barriers to the provision of pension, health and other benefits to employees.

Please do not hesitate to contact us for more information about this matter.

Very truly yours,

Mark J. Ugoretz
President
Janice M. Gregory
Vice President

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