extend our heartfelt thanks to our veterans, it is the appropriate time to also acknowledge the dedication of those who provide professional and voluntary care.

Mr. Speaker, please join me in saluting our veterans who served in times of peace and war and those who care for our veterans. Happy Valentines Day, a day that symbolizes true love and appreciation.

THE LIFETIME ACHIEVEMENTS OF JEAN CARPENTER

HON. HILDA SOLIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 13, 2001

Mrs. SOLIS. Mr. Speaker, Jean Carpenter opened the doors of opportunity for the children of Baldwin Park through her ''learning to read'' programs. She served as a positive role model to the residents of the 31st Congressional District. She is an example of how one person's perseverance can make tremendous changes to improve our educational system.

Sadly, Jean Carpenter passed away this Monday, February 12, 2001 at the age of 58. She was first diagnosed with breast cancer in 1987 which later resurfaced in 1996.

An active school board member since 1995, she helped establish reading programs as a way to help children obtain a brighter future. These innovative reading programs that were implemented by the school board significantly improved student test scores in Baldwin Park.

Jean believed that by setting high expectations for each student, this would consequently lead to higher school retention, less drop-out rates, and better preparation to enter the workforce.

She was ahead of her time, advocating reduction in class sizes, initiating a drive to obtain $4.3 million for computer and technology equipment for local schools, and helping to pass a $15 million school bond to remodel and improve old school buildings.

She also began the ''Mother and Daughter Program'' to involve parents in their children's education. Jean believed that parent participation would motivate students to excel academically so that they could attain a college education.

She was bestowed with many awards, including: the 1998 57th Assembly District Woman of the Year and the 1999 Baldwin Park Citizen of the Year. In the year 2000, she was honored with the Lifetime Achievement Award from the Young Women's Christian Association (YWCA).

Jean was honored with these awards due to her leadership and commitment to improving the educational system in Baldwin Park. To her friends and family, she was a fighter. Even during her struggle with cancer, she continued to serve on the school board and participated in many community activities.

Jean Carpenter obtained her Bachelor of Arts degree from St. Thomas Aquinas College and a Masters in Education from City College of New York. Carpenter is survived by her husband Leroy, her son Michael, and two grandchildren.

We must continue to share the legacy that Jean Carpenter left for us to admire and to replicate in order to improve the educational system nationwide.

IDENTITY THEFT

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 13, 2001

Mr. PAUL. Mr. Speaker, I highly recommend the attached article ''Know Your Customer'' by Christoper Whalen, which recently appeared in Barron's, to my colleagues. This article examines the horrors faced by victims of America's fastest-growing crime: identity theft. As the article points out, millions of Americans have suffered deep financial losses and the destruction of their credit history because of identity theft. Victims of identity theft often discover that the process of reestablishing one's good reputation resembles something out of a Kafka novel. identity fraud also effects numerous businesses which provide credit to unscrupulous individuals based on a stolen credit history. Just last year, American businesses and consumers lost 25 billion dollars to identity thieves!

Mr. Whalen properly identifies the Social Security number and its use as a universal identifier as the root cause of identity theft. Unfortunately, thanks to Congress, today no American can get a job, open a bank account, or even go fishing without showing their Social Security number. Following the lead of the federal government, many private industries now use the Social Security number as an identifier. After all, if a bank needs to see their customers' Social Security number to comply with IRS regulations, why shouldn't the bank use the Social Security number as a general customer identifier?

In order to end this government-facilitated identity theft, I have introduced the Identity Theft Prevention Act (H.R. 220). This act requires the Social Security Administration to issue new, randomly-generated Social Security numbers to all citizens within five years of enactment. The Social Security Administration would be legally forbidden to give out the new number for any purpose not related to Social Security administration. Numbers issued prior to implementation of this legislation would have no legal value as an identifier—although the Social Security Administration could continue to use the old numbers to cross reference an individual's records to ensure smooth administration of the Social Security system.

This act also forbids the federal government from creating national ID cards or establishing any identifiers for the purpose of investigating, monitoring, overseeing, or regulating private transactions between American citizens, as well as repealing those sections of the Health Insurance Portability and Accountability Act of 1996 that require the Department of Health and Human Services to establish a uniform standard health identifier. By putting an end to government-mandated uniform IDs, the Identity Theft Prevention Act will prevent millions of Americans from having their liberty, property and privacy violated by private-and-public sector criminals.

I urge my colleagues to read the attached article and act to repeal government policies which facilitate identity theft by cosponsoring the Identity Theft Prevention Act.

[From Barrons, January 15, 2001]

KNOW YOUR CUSTOMER

LENDERS INCREASINGLY ARE PAYING FOR IGNORING THAT MAXIM

(By Christopher Whalen)

High-yield paper is out of favor with Wall Street as an economic slowdown raises concerns about credit quality. One in five issuers have paper trading at distressed levels. Consumer lenders are under particular pressure due to worries about a looming recession. But investors in companies that make consumer loans should worry about more than a slowing economy.

Consumer lenders write off an average of 6% of loans each year. That's a bad enough record, but investors ought to realize that the industry's own sloppy screening practices contribute significantly to the losses.

Identity theft is the fastest-growing crime in America and costs companies $25 billion last year. Much of the cause lies with one factor completely avoidable by lenders; the use of Social Security numbers as identifiers.

One of my in-laws—I will call her Jean to protect what remains of her privacy—was the victim of identity theft in 1999. Jean is a teacher who lives in Westchester County, New York, and drives a Volvo. She and her husband have perfect credit. About a year ago, Jean called in a panic, saying that her bank had frozen the family checking account because someone had a judgment against her. Being the banker in the family, I agreed to act for Jean. What I discovered during more than a year of investigation was a personal outrage and an investor's nightmare.

Every investor who buys securities back by consumer loans or the equity of companies that are significantly involved in the consumer-loan business should think twice before investing in such paper.

One of the world's biggest nonbank financial firms—wee'll call it Megacorp—provided credit to a criminal who used Jean's Social

After the perpetrator defaulted on the loan payments, Megacorp obtained a judgment against the alias. Using the Social Security number, Megacorp's agents found Jean's family checking account at a big New York commercial bank. Even though the name and address were clearly wrong, Jean's bank enforced a garnishment order from Megacorp and froze $5,000 in the account.

I contacted the police and Secret Service, who were familiar with the Bronx address used to commit the fraud against Megacorp. I then called and wrote to the lawyer for Megacorp, a lowbrow law firm and collection agency that handles hundreds of such claims per month. I explained that Jean was the victim of identity theft and that Megacorp wrongly garnished her bank account.

Lawyers for Megacorp refused to back off and responded with a torrent of verbal abuse, accusing Jean of committing other misdemeanors. The law firm used a similar tone in telephone calls to Jean's mother. We responded by filing with the court a strongly worded show cause motion, as well as a motion seeking sanctions. Megacorp's attorneys subsequently began to back-pedal and eventually withdrew the garnishment. The cost of this exercise was roughly $1,500 in legal fees, plus the time to draft documents and letters, and two visits to the Bronx Civil Court, a venue too near Yankee Stadium for comfort.

I contacted Megacorp and the three major credit reporting agencies, Experian, TransUnion and Equifax. I asked how a criminal using a dubious Bronx mailing address and a false, oddly spelled name could obtain credit using the Social Security number and non-existent credit history of a middle-class woman who lives in Westchester. On examining Jean's credit reports, I discovered that it was Megacorp, after extending credit to the Bronx delinquent, that reported the false name and new address to Experian linked to Jean's Social Security number. The alias and new address were automatically added to Jean's credit history without any verification whatsoever.

By making the false report to Experian, Megacorp apparently created a window of opportunity, enabling the Bronx lawbreaker to open accounts with Home Depot, Exxon, and AT&T Wireless, eventually involving over $10,000 in bad debt. I contacted these vendors to correct their misimpression that Jean was their customer.

Significantly, neither Megacorp nor Experian nor any of the other credit reporting agencies attempted to contact Jean to verify the significant change in name and address reported by Megacorp.

I confronted representatives of Experian and the other credit agencies about the false information place in Jean's credit report, yet they disclaimed any responsibility for the validity of the information. Representatives of Experian say they aren't responsible for the accuracy of the data provided by financial institutions and that they don't even review the information. ''The banks do that,'' they asserted.

Experian's representatives were courteous, however, and amended the reports after we provided copies of the relevant court documents.

Megacorp continued to send Jean demand letters from various collection agencies for months after my first telephone and written responses. I kept on asking: How could anyone of even minimal competence look at the credit reports from Experian and other agencies and approve credit to the fictions Bronx resident?

Answer: The credit report tied to Jean's Social Security number wasn't reviewed. One Megacorp representative told me unofficially that the Social Security number was simply checked for defaults, judgments, etc., and when it came up clean—the number, not the name and not the application—the credit was approved.

The Secret Service agent in White Plains, New York, who took the report on Jean's experience confirmed that he sees dozens of such cases every month in which Social Security numbers are used to commit fraud. The perpetrators are rarely caught.

Lenders and the providers of credit information have created a system that is inadequate to its purpose if a valid Social Security number and a couple of other pieces of information are sufficient to defeat most credit controls. Lenders may complain that it would be too costly to manually screen applicants and verify identities, but how much more costly would it be if they had to bear the costs they now push off onto Jean and other victims of fraud?

Financial author Martin Mayer rightly says that there are no economies of scale in banking, but the loan approval operation of too many consumer lenders suggests there are dis-economies of scale. It seems that the bigger a bank gets, the sloppier it gets. To maximize revenue growth and control costs, consumer lenders use statistical screening tools and computer models to make credit decisions. In other words, they use the law of large numbers and simply roll the dice. If a criminal finds a Social Security number with a clean history, he's off to the races.

Eliminating the use of Social Security numbers as identifiers by law seems like a logical solution. Texas Rep. Ron Paul has introduced legislation to prohibit the commercial use of Social Security numbers as identifiers, but Congress needs to more thoroughly examine the issue.

Even if Social Security did not exist, the financial system would invent another system of universal identification. Congress should place the blame where it belongs, on the lenders and credit bureaus. It should require credit bureaus to obtain written affirmation from consumers prior to accepting a change in the name, address or other details on a credit history. Lenders should be held liable for reporting false information to credit bureaus, especially in cases where false reports lead to acts of financial fraud.

Additionally, Congress needs to afford consumers greater protection from asset seizures based solely on Social Security numbers.

We are, after all, innocent until proven guilty. A bank or Megacorp that treats us otherwise has committed a gross injustice. And it—not we—should pay.