

Written Comments from Murray Johnston, member of the SSN Advisory Committee representing Experian

Dear Ms. Wallmeyer:

I regret that I cannot attend the July 13, 2006 meeting of the SSN Advisory Committee, but I wanted to offer a few comments on HB 1510.

As Director of State Government Affairs for Experian, our company provides a variety of products and services that use Social Security numbers (SSNs) to help identify consumers and to detect and prevent fraud. Overly sweeping efforts to restrict SSNs have the unintended consequence of undermining the accuracy of credit reports and the counterintuitive result of making identity fraud easier to perpetrate.

House Bill No. 1510 (HB 1510) proposes several new restrictions on the use of SSNs, but the two restrictions I want to address briefly are subsections A.7. and A..8.

A. Except as otherwise specifically provided by law, a person shall not:

. . .

7. Sell, lease, loan, trade, rent, or otherwise disclose an individual's social security number to a third party for any purpose without the written consent to the disclosure from the individual; or

8. Refuse to do business with an individual because the individual will not consent to the receipt by such person of the social security number of such individual, unless such person is expressly required under federal law, in connection with doing business with an individual, to submit to the federal government such individual's social security number.

While the intention behind both provisions must in part be to restrict the disclosure of SSNs in order to protect individuals from identity theft, these two provisions would have a counter-intuitive result of making it easier to perpetrate fraud. They would also have many unintended consequences of undermining credit reporting and the ability to verify identities.

The restriction in subsection A.7. on the sharing of SSNs, even between business to business, is unprecedented. It would prevent the sharing of SSNs that are essential for a variety of important consumer reports, such as for credit, employment, rental housing and insurance. In the credit reporting context, SSNs go to the accuracy of the information in the credit file, especially in matching liens and court judgments to a particular consumer. It would also prohibit the sharing of SSNs that are essential to authenticating and verifying identities, such as required under Section 326 of the USA Patriot Act. SSNs are also embedded in products that detect and prevent fraud and help law enforcement find suspects and witnesses. In these circumstances, the additional information of the SSN enables the business to determine quickly and with a high degree of certainty if someone is who he or she says. Without an SSN, these fraud products would be much less robust, less accurate, and slower. This provision is sweeping and its impact would be felt broadly through the economy.

As for subsection A.8., it would require businesses and non-profits to continue to do business even when those on the other side of the transaction refuse to provide their social security number so that the organization can verify that they are who they tell us they are. Not only this would be a problem for credit and banking transactions where an SSN is essential, but most of

the necessary uses would not meet the requirement that the “expressly required under federal law . . . to submit to the federal government.” This prohibition would prevent organizations from using the best available tools for identity verification and the detection and prevention of fraud. Businesses that are active in electronic commerce use anti-fraud products that rely upon are social security numbers to ensure that their customers are who they say they, which is a deterrent to fraud and money laundering. The use of SSNs is particularly important for online and remote transactions because in those environments, merchants typically have to eat the cost of any fraud instead of sharing them with the card association. In this environment, retailers need to be able to try to use the best available tools to verify the identity of the consumer who is not seen. Consumers have a choice to not provide an SSN, but the business must be allowed to determine the best manner to do business.

It is important to note that the uses mentioned above are all part of the regulations under Title V of the Gramm-Leach-Bliley Act.

I would be glad to provide more information on this matter.

Best regards,

Murray