

Coalition for a Secure Driver's License

Testimony of Neil Berro, Director of Community Relations and Spokesman Before the Intergovernmental Affairs Committee of the House of Representatives of the Commonwealth of Pennsylvania on March 13, 2008

Introduction:

Hello. My name is Neil Berro and I am the spokesman for The Coalition for a Secure Driver's License (CSDL). We are a not-for-profit and non-partisan organization with offices in New York City and in Washington, DC, and members in all of the 50 states. Our central objective is to educate the public, as well as state and local government officials, about why it is important to establish and maintain high security standards for drivers' licenses and other identity documents.

In my testimony today, I will describe the benefits of a secure driver's license and the benefits of complying with the federal REAL ID regulations. I will offer my view of how Pennsylvania's driver's license stands in relation to other states as well as the benefits Pennsylvania stands to gain from other states' compliance with REAL ID regulations. Finally, I will explain why secure drivers' licenses are a key factor in combating identity fraud.

The main focus of my testimony will be to describe how higher standards for drivers' licenses and state issued IDs will have a constructive effect on

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Pennsylvania's problems with ID theft and consequent identity related fraud.

Benefits of a Secure Driver's License

Compliance with REAL ID regulations will improve physical security in the cards people carry. Secure interstate processes for identity authentication, some of which are available now, will allow states to validate source documents from other states and from the federal government. These factors, combined with increased internal controls and privacy protections for data storage will: Help prevent identity theft; Keep reckless and drunk drivers from getting licenses through fraud; Prevent dead beat dads from hiding under assumed names; Prevent welfare and Medicare theft by denying crooks multiple licenses in multiple states; and Expose sexual predators and other criminals attempting to acquire false identities by defrauding state motor vehicle administrators.

REAL ID compliance will require all states to issue highly counterfeit resistant cards, as Pennsylvania does now. These new cards, with improved visible and invisible security elements will make it virtually impossible for crooks to alter or replicate them. The new required common counterfeit proof security feature will make it much easier for merchants and bank clerks to recognize fake IDs. Strong physical security for drivers' licenses will: Reduce underage purchase of alcohol and tobacco; Reduce financial fraud and credit card fraud; Help to stop Methamphetamine precursor sales for illegal purposes; and greatly impact the

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counterfeit ID rings that cater to meth addicts and others seeking fake IDs to hide who they really are for criminal purposes.

We believe the overwhelming majority of U.S. citizens and legal residents support our view. In a 2007 poll, the Information Technology Association of America (ITAA) found that 82% of adults favor secure drivers' licenses. The poll also found that 85% of Americans believe that secure drivers' licenses improve homeland security and reduce fraud and identity theft.

How Pennsylvania Benefits From the REAL ID Regulations

Pennsylvania has, in fact, among the most rigorous and complete processes for authenticating the identity of driver's license applicants. Hence, a good part of the benefit Pennsylvania will derive from REAL ID standards will come about because OTHER states will have to clean up their act. All too few states have high standards for identity authentication and a handful have NO standards for determining lawful presence in the United States. Some states still have no requirement for proof of residence in their states. That is, they don't have a problem with issuing a license with absolutely no evidence that the applicant resides in their state!

How this affects Pennsylvania has to do with a concept called reciprocity. There is a 50 state Driver's License Agreement in which Pennsylvania participates which essentially requires the licensing offices to honor the driver's license of another state as a valid indication of identity. The problem is that some states do such a bad job of authenticating identity that it is unwise and probably unsafe to accept

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drivers' licenses from those states as proof of identity. A growing number of states are exercising an option under the Driver's License Agreement to refuse to honor the drivers' licenses of certain other states under reciprocity and that is an option Pennsylvania should consider, REAL ID notwithstanding.

For example, until the Governor of Oregon recently intervened under his executive authority, that state had neither a requirement for proof of lawful presence nor for residency in the state. Oregon's weak requirements for a driver's license were a dream come true for human smugglers, sexual predators, illegal aliens and just about every other kind of criminal. Many people have obtained Oregon drivers' licenses over the years with no intention of using them for driving, but instead as identity documents in other states so they could deceive law enforcement about their actual identities, or for crime.

Although is in the process of imposing new more stringent requirements, the police and the motor vehicle officials in other states still have to contend with an unknown number of people possessing Oregon drivers' licenses that are not now from Oregon, never lived in Oregon, and may have an Oregon license with someone else's name. For another 8 years, until currently valid licenses expire, other states will have to be on the look out for people who obtained Oregon drivers' licenses before Oregon moved to higher standards.

Pennsylvania's neighboring state, Maryland, is notorious as a magnet state for people seeking drivers' licenses and state issued IDs, and it's good news for Pennsylvania that Maryland's Governor recently agreed to comply with REAL ID

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lawful presence and minimum identity standards within two years. That means that until 2010, Pennsylvania law enforcement and motor vehicle administrators should not accept Maryland drivers' licenses as fool proof identity documents, and even then, only licenses issued in 2010.

Other states have recognized the risks in accepting Oregon and Maryland drivers' licenses as identity documents. Arizona, Colorado, and Nevada all refuse to accept Oregon drivers' licenses for identification purposes, not only at their motor vehicle offices, but also at their state universities and for public benefits.

While I don't have an estimate for the street value of a valid Pennsylvania license, it's probably a great deal higher than some of its neighboring states, where driving license processes are a great deal less stringent.

Pennsylvania is also alert to the risk to its citizens from criminal gangs seeking drivers' licenses through fraud. The ongoing investigation by the Pennsylvania Attorney General's office has indicted 36 people for obtaining valid Pennsylvania driver's licenses using stolen identities and fraudulent documents.

As Pennsylvania has increased the quality and counterfeit resistance of drivers' licenses issued by the state, crooks have recognized that they won't be able to pass fake drivers' licenses successfully. What these crooks were trying to achieve was to create whole new identities for themselves, using validly issued Pennsylvania drivers' licenses. I applaud these anti-fraud efforts by Pennsylvania and urge the legislature to consult with the Attorney General and the state motor

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vehicle officials to see if additional legal tools are needed to prevent driver's license fraud.

How Big a Problem is Identity Theft in Pennsylvania?

According to the Federal Trade Commission (FTC), Americans are more likely to be victims of identity theft than any other type of crime. The FTC's 2006 Identity Theft Survey¹ indicated that nearly 4% of Americans were victims of ID theft in 2005. Other studies suggest the number of U.S. victims range between 5 million and 9 million per year.

The Federal Trade Commission's just released its "Consumer Fraud and Identity Theft Complaint Data January-December 2007," report². For the eighth year in a row, identity theft is the number one consumer complaint category. Of the more than eight hundred thousand (813,899) total complaints received by the FTC in 2007, roughly a quarter million (258,427), or 32 percent of the total, resulted from identity theft.

The report ranked Pennsylvania 14th out of 50 in the number of Identity Theft Complaints.³ Please note that according to the same survey report, 65% of

¹ Federal Trade Commission, 2006 Identity Theft Survey Report, "A total of 3.7 percent of survey participants indicated that they had discovered they were victims of ID theft in 2005. This result suggests that approximately 8.3 million U.S. adults discovered that they were victims of some form of ID theft in 2005." November, 2007, Page 1.

² Federal Trade Commission. Consumer Fraud and Identity Theft Complaint Data, January – December, 2007, February, 2008.

³ Federal Trade Commission. Consumer Fraud and Identity Theft Complaint Data, January – December, 2007, 72.5 complaints per hundred thousand, and a total of 9,016 for 2007.

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identity thefts are never reported to the police, so it's likely that the number of actual identity theft incidents is much higher.

Identity Theft and Drivers' Licenses

According to the non-profit Identity Theft Resource Center, Identity Theft is a crime that occurs when an impostor obtains key pieces of personal identifying information (PII) such as Social Security numbers and driver's license numbers and uses them for their own personal gain. It can start with lost or stolen wallets, pilfered mail, a data breach, computer virus, phishing, a scam, or paper documents thrown out by you or a business (dumpster diving). Identity theft is a crime that usually leads to Identity Fraud, which can include check fraud, credit card fraud, financial identity theft, criminal identity theft, governmental identity theft, and identity fraud.

The point is, identity theft and identity fraud both increasingly involve drivers' licenses: counterfeit licenses created with stolen personal information or valid drivers' licenses obtained by defrauding the Department of Motor Vehicles (DMV).

Careless clerks and tellers at business establishments and banks are part of the problem when they don't examine ID cards carefully, and that will always be a risk factor. But as ID thieves have gotten more sophisticated and banks have gotten more careful, DMV offices are now a central target for Identity fraud because crooks now need REAL IDs, not fake IDs.

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Banks and retail stores in western states such as Colorado and California are beginning to use document verification equipment, driver's license scanners and commercial verification services to check on the validity of ID cards, including drivers' licenses. Consequently, the crooks there can no longer use counterfeit drivers' licenses to perpetuate their frauds. So they target DMVs and use stolen identities and fraudulent source documents to get drivers' licenses issued in someone else's name.

The risk of identity theft has increased dramatically over the past ten years. Many blame the internet and related lapses in business and government computer security. But there's growing evidence that a new wave of drug abuse is a factor, and that certain types of drug addicts pursue identity theft and fraud to support their habits. A 2007 intelligence bulletin from the U.S. Department of Justice describes how increased identity theft and fraud is partly due to the methamphetamine pandemic. According to the Department of Justice National Drug Intelligence Center, methamphetamine abusers and distributors are increasingly engaging in identity theft.⁴ In addition to using ID Theft for an assortment of criminal frauds to raise cash, among which is obtaining mortgages in victims' names, they "supply criminal fugitives with drug trafficking organizations with fresh identities in order to evade law enforcement, incarceration, or even deportation."⁵

⁴ U.S. Department of Justice National Drug Intelligence Center. *Intelligence Bulletin: Methamphetamine- Related Identity Theft*, Product No. 2007-L0424-003, May, 2007.

⁵ Ibid, Page 2.

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What the report doesn't include, but other studies reveal, is that a fake driver's license or a fraudulently obtained driver's license, is a key factor in as many as 35% of these cases.

A just released study⁶ by the Center for Identity Management and Information Protection used Secret Service Case files on identity theft and fraud federal investigations to analyze how drivers' licenses have actually been used by criminals convicted in federal courts. Among other findings, the study found that the major purposes for which ID thieves used stolen identity information were to manufacture and sell fraudulent IDs to others, and to apply for loans to purchase vehicles.

"The offenders manufactured and sold driver's licenses and Social Security cards, often to match stolen credit cards. They sold counterfeit and fraudulent identification documents, credit card numbers, and fraudulently obtained personally identifying information."⁷

Pennsylvania has higher driver's license standards than many other states, and issues a counterfeit resistant document to its drivers. However, to stay ahead of the identity thieves and identity card counterfeiters, Pennsylvania will need to continue to push the envelope and raise security standards year after year. For Pennsylvania law makers, the new REAL ID standards should be viewed as a floor

⁶ Gary R. Gordon, Ed.D., Donald J. Rebovich, Ph.D., Kyung-Seok Choo, Ph.D., Judith B. Gordon, MLS. *Identity Fraud Trends and Patterns: Building a Data-Based Foundation for Proactive Enforcement, October, 2007*. Center for Identity Management and Information Protection, Utica College, Utica, New York, 2007.

⁷ Ibid, 47

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and not as a ceiling. While those new regulations will establish a new minimum base line, Pennsylvania will find its citizens are best protected by establishing its standards and physical card security will above that minimum, to keep identity thieves from abusing the Pennsylvania driver's license.

Conclusion

Gentlemen and ladies, homeland security and public safety need to be your main concern. However, protection against foreign terrorists is not the only benefit from Pennsylvania's compliance with the DHS regulations for Public Law 109 -13, otherwise known as REAL ID. The most important benefit will be to assure the public that state officials zealously guard the integrity of the most common identity document – the state issued driver's license. A second important benefit is that it will be accepted by the federal government and in all other states as proof of the bearer's identity, as well as eligibility to drive. A third important benefit will be access to the information hub which will allow the Pennsylvania driver's licensing authorities to securely verify that the personal identity information presented actually belongs to the person standing in front of the counter. These improvements will allow Pennsylvania's citizens to be better protected against identity theft and fraud. Compliance with the federal driver's license security standards will also finally lead to realizing the goal of "one driver, one license." This is a logical extension of the highly successful "one driver, one license" rule for commercial truck drivers, which Pennsylvania authorities have strongly supported, and which has improved safety on Pennsylvania highways.

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In closing,

The integrity of Pennsylvania elections will be preserved because insuring only lawful residents have licenses will reduce voter fraud, and insuring the state DMV records don't include illegal aliens and people with multiple licenses in multiple states will make it easier state election officials to confirm the eligibility of those registering to vote.

Lives will be saved from authenticating the identity of drivers' license applicants by keeping drunks and reckless drivers from getting new licenses under assumed or changed names. Young lives will be saved because secure licenses and confirmation of the identity of applicants helps prevent underage drinking and smoking. Secure licensing procedures also help protect against identity theft, help cops find deadbeat dads, and unmask sexual predators using fraudulent identities to hide from arrest warrants.

Thanks very much.

Coalition for a Secure Driver's License: Background and Benefits

The Coalition For A Secure Driver's License (CSDL) www.secure-license.org is a 501C3 Not For Profit Corporation, with over 1200 member/ donors in 50 states. We maintain offices in Washington, DC and in New York City, and travel actively throughout the United States to provide educational briefings and programs. CSDL was formed in November, 2001, following the new awareness of the hard lesson about ID security taught by the 9/11 terrorists. CSDL is the foremost non-partisan, not for profit organization providing research results and educational programs to the public and to state and federal officials regarding the importance of secure identity documents. CSDL supports voluntary state compliance with federal standards for driver's licenses and state issued ID cards, and supports rigorous enforcement of identity theft laws and prosecution of those engaging in identity document forgery and counterfeiting.

What Are the Core Benefits For States Who Comply With REAL ID regulations?

- The most important benefit will be to assure the public that state officials zealously guard the integrity of the most common identity document - the state issued driver's license - and that it will be accepted by the federal government and in all other states as proof of the bearer's identity, as well as eligibility to drive.
- Improved and secure interstate processes for identity authentication, combined with increased internal controls and privacy protections for data storage will
 - Help prevent identity theft
 - Keeps habitual drunk drivers from getting licenses through fraud
 - Prevent dead beat dads from hiding under an assumed name
 - Prevent welfare and Medicare theft by denying crooks multiple licenses in multiple states
 - Expose sexual predators and other criminals attempting to acquire false identities through use of fraudulent source documents
- Counterfeit resistant cards, with improved security features will reduce the number of altered cards & fake Ids, which will
 - Reduce underage purchase of alcohol and tobacco
 - Reduce financial fraud / credit card fraud
 - Help to stop Methamphetamine precursor sales for illegal purposes
 - Reduce Voter Fraud
- Helps protect Americans from foreign terrorists by denying short term visitors access to state issued identity documents

Do Americans Care About Secure Drivers' Licenses?

- A 2007 UPI/Zogby survey of nearly 6,000 adults across the country reported that 70 percent of Americans support state compliance with federal standards for drivers' licenses under the Real ID Act.
- A 2007 poll conducted by the Information Technology Association of America found that 91% of those polled strongly agreed that states should be required to meet national minimum standards for drivers' licenses and ID cards.