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May 9, 2007

The Honorable John D. Dingell
Chairman, Energy and Commerce Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Joe Barton
Ranking Member, Energy and Commerce Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Dingell and Ranking Member Barton:

I am writing on behalf of the members of the American Bankers Association (ABA) to express our opposition to H.R. 948, the Social Security Number Protection Act of 2007, which the Committee is scheduled to mark up tomorrow. As outlined in my April 16, 2007, letter, we are very concerned about the unintended and adverse consequences this legislation would have for consumers and the financial services industry.

The intent of H.R. 948 is to deal with the misuse of Social Security numbers (SSNs). There have been misuses of SSNs, but legislation intended to address this problem should be carefully targeted to specifically identified abuses, such as measures to stop identity theft. SSNs play an integral role in United States commerce, and it is imperative to avoid restrictions on legitimate and beneficial uses of SSNs.

H.R. 948 generally prohibits the sale and purchase of SSNs, but recognizes that there are several legitimate exceptions to the general rule. In particular, the legislation provides an exception for "legitimate consumer credit verification." However, that term is undefined and does not appear to cover all of the sources financial institutions use for legitimate and necessary SSN verification and consumer identification.

The following is a short summary of some, but by no means all, of the real world consequences of putting in place H.R. 948's overly broad restriction on the sale and purchase of SSNs by the financial services industry:

- H.R. 948's "consumer credit verification" exception does not cover USA Patriot Act requirements that financial institutions obtain for each customer a U.S. taxpayer identification number – a SSN, employer identification number or individual taxpayer identification number – before opening a credit or deposit account and to verify the identity of the individual. Further, financial institutions frequently use entities that are not credit bureaus or "consumer reporting agencies" in order to verify the SSN. H.R. 948's limitations on the sale and purchase of SSNs would interfere with this critically important information verification process enhancing our national security.

- SSNs are also vitally important to detect fraud and to prevent identity theft. Banks, insurance companies, and securities firms rely on information, which includes SSNs, available from public sources and purchased from private entities to check for inconsistencies that may indicate fraud or identity theft. Identity verification is critical for both credit and deposit accounts to prevent fraud and identity theft. This SSN verification request concerns only the customer's identity and has nothing to do with credit verification. Restricting the sale and purchase of SSNs for this purpose would actually increase the chances for fraud and identity theft and not decrease it, as intended in the bill.
- Similarly, financial institutions rely upon public and private sources to obtain credit and deposit account histories and to verify other information so that they can act swiftly on applications or other requests for credit and deposit accounts. SSNs ensure that the verification request is targeted to the correct file in an efficient and accurate manner. It is not clear whether a verification request to a credit bureau falls within the "consumer credit verification" exception set forth in the bill. Moreover, a SSN verification request related to a deposit account clearly would not fall within this exception. H.R. 948's overly broad restrictions would impede the decision making process by slowing it down, increasing errors, and driving up costs. All of this would harm consumers.
- A prohibition on the direct or indirect sale or purchase of SSNs could be construed to restrict the sale of assets among financial institutions since mortgage servicing accounts, credit card accounts and deposit accounts often use SSNs as the basis for account verification.

It is vitally important for our economy, the financial services industry and consumers that exceptions covering these and other legitimate uses of SSNs by the financial services industry be included in H.R. 948 and in any other legislation restricting the sale and purchase of SSNs.

Another major concern that we have with H.R. 948 is that it authorizes oversight and enforcement by the Federal Trade Commission (FTC) and state Attorneys General. As we have often stated in testimony and other communications with the Committee, the financial services industry is already subject to comprehensive oversight and regulation by federal and state banking, securities, and state insurance regulators, and there is no need for overlapping regulation by the FTC and state Attorneys General. Therefore, we strongly urge the Committee to leave oversight and enforcement of these provisions to the appropriate federal and state financial services regulators.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink that reads "Floyd E. Stoner". The signature is written in a cursive, flowing style.

Floyd E. Stoner

CC: Members of the Energy and Commerce Committee