Good morning, it is great to be with the Identity Theft Resource Center again, this time for the unveiling of this report drawing from the FTC’s Consumer Sentinel data to give a more detailed picture of identity theft in America.

I want to particularly thank Eva Velasquez for inviting me here this morning and for your leadership of the ITRC. The ITRC is an important partner with the Federal Trade Commission in educating consumers, and helping victims of identity theft repair the damage caused by these crimes.

Today’s report highlights something I think we have all known for a long time – identity theft is the crime of the 21st Century. As with every other year this century, identity theft is once again the number one reported consumer complaint received by the FTC. In 2014, we received over 332,000 complaints – almost one thousand a day – into Consumer Sentinel.

The release of this report comes at a time when the public is growing increasingly concerned about the safety of their personal data. Gallup released a poll in October showing that being a victim of identity theft, unlike most other crimes, was a concern across ages, races, education levels, and geographic areas.

Americans were more concerned about ID theft than violent crime, natural disasters, or terrorism. 69% of Americans said they were very concerned about the safety of their credit cards, and 62% had similar worries about their smart phones and computers.

And this concern comes with good reason. The Financial Services Roundtable, the association representing the nation’s biggest banks, estimates that 110 million Americans had their data exposed within the last year.

Most shocking to me is that the Bureau of Justice Statistics found that in 2012 the financial loss from identity theft totaled nearly $25 billion. By comparison, the total loss from all property crime (robbery, arson, vandalism) was $14 billion. It is reasonable to believe that this differential has only grown in the past three years.

Unfortunately, there is a robust and lucrative market for stolen consumer data. And like any market, this one is constantly evolving and using new methods to access, commoditize, and use data. For instance, a decade ago phone and utility fraud was one of the most common ways that identity theft manifested itself. As the data from this report shows, we have actually seen less instances of this kind of ID theft than we saw in the early 2000s.

1 The views expressed in this speech are my own and do not necessarily reflect those of the Commission or any other Commissioner.
But that drop has been more than offset by the nearly exponential growth in Government Documents or Benefits fraud. In 2003, government document fraud accounted for less than 10% of our complaints. Last year it was 40%.

Earlier this year, the FTC sponsored a consumer education week entirely on tax identity theft and IRS imposter scams to raise awareness among consumers and the media about these fast growing frauds. Unfortunately, I think it finally entered the public’s conscience when one of the largest e-filers had to shut down its system due to the amount of suspicious tax filings occurring.

One of the most lucrative avenues for identity thieves has become the stealing and exploitation of medical records. Unlike other forms of identification, our medical records offer nearly complete portraits of our lives and data. These factors have made medical records, and more specifically children’s medical records, the most valuable consumer information in the black market. Scammers can use the medical records of children to steal identities and commit frauds that have a good chance of remaining undetected until a child turns 18.

One of the problems in today’s interconnected world is that consumers often cannot pinpoint a specific incident that could lead to identity theft. The theft could have arisen from a high profile breach to a big name retailer or bank. Or data could have been exposed years ago and remained undetected until the victim applies for a loan, files their taxes, or makes a large purchase like a home or a car.

That is why I was pleased when President Obama unveiled his “Buy Secure” initiative and signed an Executive Order giving the FTC new tools to help American consumers. As part of this initiative we will be making it easier for Americans to report an identity theft and repair the damage it caused. Through a redesigned IdentityTheft.gov web site, which we will unveil this spring, the FTC will provide more resources and, eventually, a one-stop-shop for consumers.

But it’s not just repairing damage from a breach that should concern us. We also need strong laws and standards so that breaches can be prevented. I am pleased that there appears to be bipartisan support in Congress for comprehensive breach notification and security legislation. The Commission has asked Congress to pass national breach and data security legislation for some time, and I am hopeful that this is the year it does.

As many of you know, legislation by Congressmen Burgess and Welch was unveiled last week with a hearing to take place today. This is an important first step in a process that will inevitably refine the bill.

There are many aspects to the bill that I support and some, like the absence of rule-making authority for the FTC and the lack of geolocation and health care data from the definition of PII, which I think can be improved. The draft legislation provides a useful framework, and I hope Congress will use its introduction as a way of building in greater consumer protections while providing business and innovators with clear and consistent national rules for protecting consumer data and notifying them in cases of breach.
The FTC is our government’s preeminent consumer agency, and since 2002, we have brought more than 100 data security and consumer privacy cases. We have taken on 21st century scammers with a 100-year old playbook and had success doing so.

But in a world where crime is increasingly technological we need new authorities to better protect consumers in the digital and networked marketplace. It is my hope that strong legislation emerges from Congress this year. Reports like the one ITRC is unveiling today help make the case for action.

Thank you again for your efforts on this.