

Good afternoon, everyone. Thank you for being here today as we discuss a very important issue—tax related identity theft.

Over the past couple of years, this problem has been exploding across the nation, and is highly prevalent in my state of Florida. Since 2010, my office has received over a thousand complaints from individuals who filed their taxes only to be told by the IRS that their refund had already been claimed by someone else!

When the infamous Willie Sutton was asked why he robbed banks he reportedly said, “Because that is where the money is.” Well, today’s criminals no longer need to risk their lives and limbs to rob the corner bank, and why would they, when they can rob the biggest bank of all—the U.S. Treasury—from the comfort of their own home?

Today, we are dealing with a new kind of criminal—crooks without crowbars. These criminals are gaining access to people’s social security numbers—and other personal information—and filing fraudulent tax returns in someone else’s name to obtain their refund.

The fraudsters file electronically, and can have the tax refund loaded onto a prepaid debit card without providing a physical address or even opening a bank account.

Some crooks steal a few thousand dollars, while others steal millions. According to the Treasury Inspector General for Tax Administration, we are losing over five billion dollars each year to this crime. And, the problem is getting worse.

Last year, the IRS reported identity theft incidents nearly tripled between 2010 and 2011. And the Federal Trade Commission recently reported that the crime is continuing to climb at an astronomical rate, eclipsing even identity theft-related credit card fraud, as shown in this chart.

What's more, these crooks are preying on the elderly. According to a recent investigation by the Treasury's inspector general, seniors, along with low-income people who aren't required to file tax returns, students ages 16 to 22, and deceased individuals are among the most frequent targets of these tax thieves.

Regrettably, as these criminals get more and more organized, our ability to detect and prevent identity theft-related tax fraud is lagging behind.

Fortunately, the IRS and the Department of Justice have recognized the scope of this problem and have shown determination in developing new policies to turn the tide on these criminals. They've formed task forces and information sharing programs to streamline enforcement actions against known fraudsters. And although these are steps in the right direction, there are still many shortcomings that need to be addressed.

We have taxpayers like Susan Fox-Greenberg of Parkland, FL who had to wait two years to get her \$21,000 refund after falling victim to this scheme. Two years! This is unacceptable, but unfortunately it's illustrative of the long wait times victims have had to endure before receiving the refund they're owed.

Last year, it took the IRS an average of 196 days to resolve identity theft cases and the increase in the number of cases has resulted in a backlog of 300,000 cases with an average wait time of more than 180 days.

Many Americans rely on their tax refund to meet their basic needs, and they shouldn't have to wait an excessively long amount of time before receiving a refund because someone stole their identity. It only adds insult to injury. The bottom line is: the IRS should be able to better protect and serve taxpayers.

Victims should not have to go through mountains of IRS red tape to get their cases resolved or tax records cleaned up. Presently, more than 20 different units of the IRS can be involved in a single identity theft case, creating a bureaucratic nightmare for taxpayers.

At a previous hearing on this topic, we heard testimony from several victims, including a father who had recently lost his infant daughter to SIDS. A fraudster stole the baby's Social Security number, most likely from the Social Security Death Master File, and filed a fake tax return. This poor, grieving parent then had to deal with the IRS when the agency rejected his tax return, which included his daughter as a dependent. No one should have to go through that.

Stories like these are why I have been actively involved in this issue, and have filed the Identity Theft and Tax Fraud Prevention Act.

This legislation includes provisions requiring the IRS to speed up the time it takes victims to get their refunds, and directs the agency to develop a real-time system for accelerating information matching. Often times, the IRS sends a check out the door before it can verify whether the information on a return is correct.

The bill also expands the identity protection PIN program. My office has heard from several victims who went through the process of clearing their name, only to be victimized again the following year because they were not given a PIN.

Dava Carson, a 70-year-old grandmother from Aventura, Florida, did not receive a PIN when her refund was stolen in 2011, and when she called the IRS just last month to ensure that she would not be victimized a second time, she was astonished to find that a fraudulent tax refund had yet again been filed in her name.

Another victim who had trouble receiving a PIN is Marcy Hossli of Lake Worth, Florida. And she is here today to share her story with us.

As taxpayers head into the final days of this year's deadline for returns, it is important to examine how tax-related identity theft continues to be a drain on the Treasury and a hardship for the innocent victims who have had their identities stolen and misused.

And, as more and more companies require our personal information in exchange for vital services, it is critical that we raise the standard for information security. The fact is: until we do a better job of enforcing our privacy laws and helping institutions properly safeguard the personal information of their patrons, this problem will only get worse.

That's why we have to do more to contain this epidemic. We must help right those who have been wronged and we must enact policies to help prevent this from happening to others.

With that, I now turn to Senator Collins for her opening remarks.