

**Testimony of John M. Harrison  
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Consumer Witness**

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**Senate Banking Committee hearing entitled "The Growing Problem of Identity Theft and its Relationship to the Fair Credit Reporting Act".**

Mr. Chairman, ranking members and members of the committee, I appreciate this opportunity to appear before your committee to share my experiences as an identity theft victim. My name is John Harrison. I am forty-two years old, a retired Army Captain and have resided in Rocky Hill, Connecticut since my retirement in December 1999. Until recently, I have been working as a corrugated salesperson since leaving the military.

**BACKGROUND:**

My introduction to the crime of identity theft began on November 5, 2001. On that day I was contacted by a detective from Beaumont, Texas who was investigating a Harley-Davidson motorcycle which had been purchased in my name and SSN. He tracked me down through my credit report. From that same credit report, the detective realized I was a victim of identity theft and he explained to me that someone had been using my name and SSN to open credit accounts and he pointed me in the right direction.

On that very same day, I reported my identity stolen to the FTC through their website. I also contacted all three repositories, ordered my credit reports, initiated fraud alerts and began contacting creditors immediately. Once I received my credit reports, I filed a police report with Army's Criminal Investigation Division which luckily had a branch near Hartford, Connecticut. Just one month later, on Dec. 12, 2001, Jerry Wayne Phillips was arrested in Burke County, North Carolina during traffic stop. He was riding the Harley-Davidson motorcycle the police officer in Texas was investigating. Phillips was indicted on federal charges in Texas, pled guilty to one

count of identity theft, and is currently serving a 41-month sentence at a Federal Prison in Minnesota.

What I've learned since November 5, 2001 is that Phillips gained control of my identity on July 27, 2001 when army officials on Fort Bragg, NC issued him an active duty military ID card in my name and social security number. In a taped interview, Phillips claimed the ID was easy to get. That occurred about 1-½ years after my retirement as an Army Captain.

**DAMAGES:**

The military id combined with my once excellent credit history allowed Phillips to go on an un-hindered spending spree lasting just four months. From July to December 2001, Phillips had acquired goods, services, and cash in my name valued at over \$260,000. None of the accounts were opened in my home state of Connecticut. He opened accounts as far south as Florida, as far North as Virginia and as far West as Texas. I've identified more than 60 fraudulent accounts of all types: credit accounts; personal and auto loans; checking & savings accounts; and utility accounts. He purchased two trucks through Ford Credit valued at over \$85,000. A Harley-Davidson motorcycle for \$25,000. He rented a house in Virginia and purchased a time-share in Hilton Head, South Carolina.

One of the accounts opened by Phillips was with the Army & Air Force Exchange Service (AAFES). He also wrote bad checks in these exchanges. I originally disputed this account in March 2002 when AAFES attempted to garnish my military retirement pay. I was able to stop the garnishment by providing supporting documentation to AAFES. They made a second attempt to garnish my retirement in January 2003 for the same debt. Unfortunately, my letter to AAFES went ignored the second time and the garnishment began the end of January. Eventually and with the assistance of Congressman Larson's office, the garnishment was stopped in March 2003 and AAFES refunded the money that had been taken from my retirement pay. I have always been somewhat distressed at the military's involvement in the theft of my identity. They issued the fraudulent ID card that

allowed Phillips to open all these accounts and quite obviously, someone was very negligent in their duties. The garnishment greatly added to that distress.

**FCRA RELATIONSHIP:**

While Phillips made creditors, banks, and willing merchants the monetary victims of this crime, it has been those same creditors and credit reporting agencies that made me a victim. I have struggled with the repositories, creditors, and debt collectors for 20 straight months now and still have many accounts and debts incorrectly reported in my name and SSN. My imposter has been in jail for 19 of those 20 months and no accounts have been opened in my name since his incarceration at the end of 2001. I have overwhelming documentation to verify I did not open any of these accounts and I've willingly provided those documents to all creditors I've found as well as the credit bureaus. I've discovered it's more cost effective for creditors to write the debt off in the victim's name than go after the real criminal, even after you tell them who and where the real criminal is. Credit bureaus hide behind the fact that they are only reporting what creditors tell them while at the same time, victims are repeatedly sending affidavits, police reports and detailed dispute letters proving the creditors are wrong. That is why it takes identity theft victims years instead of months to recover from this crime.

From that first day in November 2001, I have been very aggressive about restoring the damage done in my name. I have sought out the fraudulent accounts and in most cases; I've contacted them before they've contacted me. I've dispute all accounts directly with the creditors following that up by disputing the accounts through the repositories. I've encountered a great many difficulties. While two of the repositories have done what I consider to be a fair job assisting me and responding to my disputes, one of them, Equifax has failed to meet nearly all the provisions of the FCRA. It took eleven months and three dispute letters to get a second report from Equifax. Further, I found the report they sent to me was not the same report they were sending to creditors. Both reports that Equifax has in their system still contain as many as fifteen fraudulent accounts.

I also found that when I disputed accounts to any of the repositories, whether the results of the re-investigation come back with deleted or verified accounts, the accounts were rarely resolved. Creditors were either not accepting my dispute through the repositories or the dispute was not being sent to them. In either event, the majority of creditors continue to seek me out directly or through a debt collector. In some instances, I've had accounts deleted from one repository only to have it show up with another one. I've also encountered creditors that after I have initiated contact with them to dispute an account, sold the debt to or hired debt collectors that seek me out at a later time. I've also had difficulties with accounts that return months after I have successfully disputed them, like AAFES. Lastly, there have also been accounts that I've contacted and could find not record of a debt in my name and then months later their debt collectors are calling my home or showing up on my credit reports. It has been and continues to be a nightmare.

I've accounted for over 100 bad checks drafted from four different fraudulent checking accounts. Phillips wrote bad checks in eight different states and they account for nearly \$60,000 of the total debt. Unfortunately, the checking accounts have created significantly more complications for me than the credit accounts. While creditors have just three reporting agencies to choose from, banks and vendors that accept checks have a multitude of reporting agencies. Additionally, the majority of those reporting agencies, which maintain both positive and negative information on consumers, do not provide consumer reports nor are there systems in place to dispute negative information. I've spent a great deal of time trying to understand the checking situation to learn how to properly dispute each bad check that was written. My conclusion is, there is no system in place to assist an identity theft victim when banking accounts are opened in your name and SSN, but are completely removed and unrelated to your own banking accounts. This industry is well behind the progress that has been made in the credit industry.

**PERSONAL IMPACT:**

There is a still misconception by some that creditors, merchants, banks and others that sustain monetary losses are the only victims of identity theft. So often when speaking to someone about

my situation the comment is made, "At least you're not responsible to pay these fraudulent debts". Somehow, that makes my situation seem less tenuous. I've invested over 1100 hours of my time defending myself and working to restore my credit and banking histories. I've filled eight notebooks with over 1500 pages of documentation. I can account for about \$1500 in out of pocket expenses directly related to my identity theft. Higher interest rates have cost me over \$4000. I've been unknowingly sued by at least one of the creditors. I've had my military retirement garnished. I'm not credit worthy enough to open any new accounts and bad checks reported in my name prevent me from opening any deposit accounts with banks.

It was also during January 2003 that my own creditors began taking adverse actions against me as a result of the negative information contained in my credit reports. I lost \$25,000 in available credit as my creditors closed accounts with zero balances or lowered my credit limit to existing balances. I had been with some of those creditors over ten years, but my history of always paying on time did not influence their decisions.

**EMOTIONAL IMPACT:**

I've always considered myself to be a very strong individual. During the twenty years I spent in the military, I was often singled out as someone that worked extremely well under stress. The length of time it takes to resolve a stolen identity, the frustration in dealing with companies that don't understand the crime or it's impact and don't take the correct actions, repeatedly having to clear up the same accounts, the constant phone calls and letters from debt collectors is enough to cause anyone emotional distress.

In September 2002, eleven months into my struggle, I began to have difficulties with anxiety and insomnia and my physician prescribed a mild anti-depressant. In January 2003, the problems with my identity were causing serious distractions for my work as a salesperson. I spoke with my supervisor about the problems and began weekly therapy in February 2003 through our Employee Assistance Program. I was diagnosed with Post Traumatic Stress Disorder. As the doctor put it, my fight or flight instincts were stuck on "fight". Those problems eventually led to my termination at

the end of April 2003. I was given no notice of the termination nor was there a severance offered. I simply had the rug pulled from underneath me. At present I find myself unemployed for the first time since I was 14 years old, being treated for what now has become depression, in the worst job market in 9 years, and stilling dealing with the same situation that got me here in the first place. Sadly, even as I look back over the last twenty months and re-trace my steps, I can't identify a single thing I could have done differently that may have prevented the situation I'm currently in.

**RECOMMENDATIONS:**

I have two suggestions I feel would greatly impact the number of identity theft victims.

First: I believe we need to focus on those sections of the consumer reports titled Personal Identification Information. Currently, if I need to order a copy of my report, I have to accurately provide my name, SSN, address, DOB and sometimes several account numbers from my credit report. If I don't provide the correct information; I am not allowed to have my credit report. Creditors however are not held to this same standard. Merely by providing a SSN, they can access the consumer's credit score and/or credit report. Additionally, it is the creditors that control what is reported in the personal information section; not the consumer. I found seventeen different addresses on my various credit reports that were used by my imposter. Six different phone numbers. Even my date of birth was changed on my credit reports as a result of information provided by the creditors that allowed these fraudulent accounts to be opened. I believe the consumer is the best source for personal and identifying information; not creditors. We should identify essential elements of personal information such as name, SSN, current address, phone number, sex, current employer and DOB. A creditor making an inquiry in regards to an application should have to correctly provide key and essential identifying information in order to complete the inquiry; not just a SSN. If incorrect data is provided, the creditor should be returned a message from the credit bureau that the customer can't be identified and the inquiry can not be completed. Had this system been in place when my identity was stolen, not a single account could have been opened in my name.

Secondly, I believe a system should be put in place to annually evaluate the credit bureaus. While I'm not expert enough on the credit bureaus to identify all criteria for such an evaluation, I am certain that credit report accuracy should be one of them. I don't want to make unfounded accusations, but it is my belief through common sense that credit bureaus do not lose money as a result of identity theft, they make money. Over a hundred inquiries have been made to my credit reports as a result of fraudulent accounts. These are inquiries the repositories are paid for that would not otherwise have been made. Additionally, with the public becoming more informed about the seriousness and growth of identity theft, I'm certain that sales of credit monitoring systems are doing quite well also. Monetarily speaking, there is not much incentive for the repositories to be aggressive about preventing identity theft or correcting inaccurate reports resulting from identity theft. An evaluation system would provide that incentive. Accurate reports are as important to the creditors that use them as they are to the consumers they belong too. A repository that was not doing an adequate job would be penalized through fair competition and my feeling is those penalties would invoke positive changes in order to stay competitive.

The burden of prevention and correction has been placed squarely on the consumers' shoulders and yet we have very little control over either. We can't prevent our identities from being bought and sold both legally and illegally by the thousands. We can't prevent the sales manager who is excited by a high FICO score from opening an account in our name without verifying the identity. Once the mistakes have been made and the fraudulent accounts opened, the consumer victim is caught between the credit bureaus and creditors. It is a life changing experience.

Again, I want to thank you for your time and this opportunity to share my story with your committee. I hope in so way by sharing my experiences here today, we can bring about the needed changes in combating the crime of identity theft.