

**OPENING STATEMENT
OF
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***PHONY IDs AND CREDENTIALS VIA THE
INTERNET - AN EMERGING PROBLEM***

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Today, the Permanent Subcommittee on Investigations will explore a new and disturbing trend - the use of the Internet to manufacture and market counterfeit identification documents and credentials. This hearing is the culmination of a five-month Subcommittee investigation that examined more than sixty Web sites, which distribute either fake identification documents or the computer templates that allow customers to manufacture authentic-looking IDs in the seclusion of their own homes.

The high quality of the counterfeit identification documents that can be obtained through the Internet is astounding. [Refer to Ex. 1] With little difficulty, my staff was able to use Internet materials to manufacture convincing IDs that would allow me to pass as a member of our armed forces, a reporter, a student at Boston University, or as a licensed driver in Florida, Michigan, and Wyoming, to name just a few of the identities I could assume.

During the past decade, government agencies have added numerous security features to identification documents, such as holograms and bar codes, to prevent such counterfeiting. Yet, the Internet sites that sell fake IDs appear to have kept pace by duplicating many of those security features.

Displayed on the monitor is a comparison between an authentic driver's license provided by the State of Connecticut and a fake Connecticut license that was created by my staff using a template obtained from the Internet. [Refer to Ex. 2] Just like the real Connecticut license, this fake with my picture includes a signature written over the picture and an adjacent "shadow picture" of the license holder. The State of Connecticut added both of these sophisticated security features to the license in order to reduce counterfeiting. Unfortunately, some Web sites sell fake IDs complete with state seals, holograms, and bar codes to replicate a license virtually indistinguishable from the real thing. Thus, technology now allows Internet site operators to copy authentic identification documents with an extraordinary level of sophistication and then mass produce those fraudulent documents for their customers.

These counterfeit identification documents are relatively easy to manufacture. With only a modest understanding of the Internet and \$50.00 worth of supplies purchased from an arts and crafts store, one can design authentic-looking identification documents within a few hours, or even minutes.

The Web sites investigated by the Subcommittee offer a vast and varied product line, ranging from driver's licenses to military identification cards to federal agency credentials, including those of the Federal Bureau of Investigation and the Central Intelligence Agency. Other sites offer to produce Social Security cards, birth certificates, diplomas, and press credentials.

Because this is a relatively new phenomenon, there are no good data on the size of this Internet industry or the growth it has experienced. The Subcommittee's investigation, however, found that some Web site operators apparently have made hundreds of thousands of dollars through the sale of phony identification documents. One Web site operator told a state law enforcement official that he sold approximately 1,000 fake IDs every month and generated about \$600,000 in annual sales.

Many of these Web sites aren't subtle in their advertising. [Refer to Ex. 3] For example, a site called "IdSolution.com" informs its customers that it is "[t]he leading source for all your identification needs." It urges customers to click on the link for a "New Identity Kit", which is described as "[a] complete package that allows you [to] REALLY become someone else."

When you click on the New Identity Kit, you are directed to another page of the Web site that offers five fraudulent identification documents for \$125. The New Identity Kit includes an American or Canadian birth certificate; a FedEx employee identification card bearing the customer's photograph, complete with holograms and magnetic swipe; and three bills from AT&T, TCI Cable and a utility, all of which include the name and address supplied by the customer. The site even offers a guarantee "that the authenticity of these documents will be unmistakable from the original counterparts."

Subcommittee investigators attempted to contact IdSolutions.com in late January, but it did not respond to our requests for information. IdSolutions.com ceased to operate shortly thereafter, and we believe that the owners of the site have now gone underground to evade our investigation. This highlights one of the principal challenges presented by these Web sites. Unlike a business with a physical address, a Web site operator can simply shut down the site, disappear, and then return to the Internet later under a completely different name, making the job of law enforcement all the more difficult.

For the criminal who has just stolen someone's identity, these sites offer an attractive service. For a relatively low price, the crook can get a state driver's license using the victim's name and date of birth, but showing the criminal's photograph. Or, the thief can obtain a fraudulent birth certificate using the stolen identity, fabricate some utility bills purporting to show his or her residence, and then use these documents to trick the DMV into issuing a real driver's license. Subcommittee staff examined several sites that sell templates which criminals can download onto their computers and use to make fake IDs again and again - each time they appropriate a new identity. Our investigation found that driver's licenses are the most commonly fabricated identification documents. These fake driver's licenses appear to serve as "gateway documents" that allow criminals access to other bona fide identification materials.

Identity theft is a growing problem that these Internet sites encourage. Fake Ids, however, facilitate a broader array of criminal conduct. The Subcommittee's investigation found that some Internet sites were used to obtain counterfeit identification documents for the purpose of

committing other crimes, ranging from very serious offenses such as bank fraud to the more common problem of underage teenagers buying alcohol or gaining access to bars.

The Internet is a revolutionary tool of commerce and communication that benefits us all. But, many of the Internet's greatest attributes also further its use for criminal purposes. While the manufacture of false identification documents by criminals is nothing new, the Internet allows those specializing in the sale of counterfeit identification to reach a broader market of potential buyers than they ever could by standing on a street corner in a shady part of town. They can sell their products with virtual anonymity through the use of e-mail services and free Web hosting services and by providing false information when registering their domain names. Similarly, the Internet allows criminals to obtain fake IDs from the seclusion of their own homes, substantially diminishing the risk of apprehension that attends purchasing counterfeit documents on the street.

At today's hearing, we hope to shed much needed light on the alarming use of the Internet to manufacture and distribute fake identification documents. We will hear from both state and federal law enforcement officials, including the Director of the U.S. Secret Service, which is one of the key law enforcement agencies responsible for enforcing federal laws prohibiting the distribution of counterfeit IDs. Those witnesses will be joined by a convicted felon who used the Internet to obtain a fake birth certificate and the names and Social Security numbers of several individuals, and then produced documents to commit identity theft and bank fraud. I look forward to hearing our witnesses.