

STATEMENT
OF
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**FLORIDA DIVISION
OF
ALCOHOLIC BEVERAGES AND TOBACCO
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**
FRAUDULENT IDENTIFICATION UNIT

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I am pleased to testify today on the availability of false identification over the Internet. As part of the Florida Division of Alcoholic Beverages and Tobacco "ABT," Department of Business and Professional Regulation, I coordinate the Fraudulent Identification Investigation Program. This program was created to stem what we viewed as a growing problem of identification fraud.

The program we have established has several objectives, including:

investigation of Internet false ID sales;

fraudulent identification detection training for law enforcement and other audiences;

technical review of ID scanning equipment;

gathering intelligence on counterfeit identification used by individuals for illegal purposes; and

enforcement of laws relating to the manufacture, sale and possession of fraudulent identification.

I have been involved with investigations into identification fraud for the past 10 years, and have coordinated Florida's identification fraud initiative for the past two years. My background is in electronics, and I have a special interest in the use of computers and the Internet to create false identification.

During the time I have investigated identification fraud I have seen many new techniques and methods of manufacturing false identification. In the past two years, one of the most dramatic and significant developments in the field of identification fraud has been the use of the Internet. The Internet now presents the largest potential opportunity to produce, market, and sell high quality false identification.

Based on my years of law enforcement experience, I estimate that approximately 30% of the false identification cards I see come from the Internet. About a year ago, the Internet may have generated about 5% of the fake IDs, and more than two years ago the Internet was responsible for only 1% of the fake IDs. The growth in the use of the Internet, combined with the advances in computer technology and the decrease in the cost of equipment used to manufacture ID cards, have led to a dramatic increase in the quality of false identification, and in the quantity that is produced with the assistance of the Internet.

As is the case with many forms of new technology, it is younger individuals who both adopt and become adept at using the Internet and computer technology. While it is with growing ease that youth can obtain fraudulent forms of identification, retailers and law enforcement officials find it increasingly difficult to distinguish valid from counterfeit forms of ID. The Internet allows the creation and widespread distribution of counterfeit identification that duplicate many of the features of legitimate identification. Special security measures like holograms, microprinting and bar codes are already in use by counterfeiters on the Internet.

Our efforts to curb the use of false identification have resulted in eleven arrests in Florida for the sale and manufacture of counterfeit IDs. We have assisted with investigations in other states, producing four out-of-state arrests. Because there is no other state with a concerted program to investigate identification fraud, I believe this has stopped only a small portion of the false identification business.

As I mentioned previously, the Internet is fast becoming a major factor in the production and distribution of false identification. My background in electronics has enabled me to identify, monitor and track a large number of individuals who have used the Internet as a part of their false identification operation. Through special software we have identified counterfeiters on the Internet who appeared to be operating from out of the country, when in fact, they were found to be within the United States and some within the State of Florida. Shutting down one Web site may prevent tens of thousands of IDs from being produced.

Our effort to curb the use of the Internet as an outlet for the sale of false identification has resulted in 33 Internet sites being removed from the Web. Taking enforcement action against these sites is difficult for state and local law enforcement agencies. Just the act of locating the Web site can be a major task. Many operate outside the United States. Assistance from Federal agencies is very difficult. Very few agents, even on the state and federal levels, have any training in the area of counterfeit identification.

Despite our arrests and other action to stop the manufacture and use of false identification, this problem continues to grow. Over the past four months our unit in Florida has made more than 300 arrests for possession of false identification. These counterfeit IDs were used for a variety of criminal activities, including bank fraud and identity theft. During the same four month time period, several businesses confiscated and turned over to ABT over 5,000 counterfeit IDs. These phony IDs consisted of everything from state driver's licenses, to military identification cards, to identity cards from numerous foreign countries. The fact that so many different forms of identification are used illustrates how difficult it is for most individuals to verify the authenticity of identification documents. Not only is it difficult for someone working at a bank, for example, to recognize the features that authenticate a driver's license from a distant state, but that bank official might also be presented with a number of types of foreign identification.

Even experienced law enforcement officers may have difficulty in detecting false identification. Many states use several security features on their driver's licenses, but in some instances the features are not even disclosed to law enforcement or other authorized individuals. One state, for example, used microprinting on its license, but that security feature was not known to other individuals in the office issuing the license.

In addition, many law enforcement individuals receive little training in detection of identification fraud. One of the efforts of my agency has been to assist in educating those who must examine identification. As a response to the growth in identification fraud, in the past twelve months my unit in Florida has conducted training for over 96 local, state and federal law enforcement agencies. This training has provided the over 1,200 officers in attendance with new intelligence and guidance in the development of ID fraud cases. Our outreach program also conducts educational programs for retailer groups to assist them in determining the validity of identification used for alcohol or tobacco purchases.

A large percentage of high quality counterfeit IDs I have reviewed were purchased via the Internet. Many counterfeiters who manufacture fake identification have advised my unit that the templates used to create the

identification were received from the Internet. Computer technology not only makes it relatively simple to create the basic template allowing the counterfeit document to be produced, but allows the transfer of that template via e-mail and other Internet communication devices.

Based on our investigations, I believe Internet sales of false identification have increased dramatically. Current Web sites offer to sell identification for all 50 states. Those operating Web sites who offer to manufacture false identification often have sophisticated printing equipment which allows the production of high-quality counterfeit identification. These high-quality identification cards can be purchased by anyone, in any name, with any date of birth, for prices ranging from \$30 to over \$300. Internet savvy individuals, often those in college, but even many high school or middle school students, are able to quickly find a vast array of information on false identification. My conversations with several teachers in Florida schools indicate that a large number of students know just how to use the Internet to obtain false identification.

Several statistics demonstrate the popularity of Internet sites selling false identification materials. Some false ID sites have received over 10,000 inquiries on a single day. Based on our investigations, the annual income of Internet ID sales can exceed \$1,000,000 per year by a single operator.

Individuals using templates to create their own fake identification have taken advantage of the current technology and the lower prices for high-quality computers and printers to manufacture their own fake IDs, some of which are very high quality. These personally made fake IDs may use digital photographs and replicate holograms used by various states. Again, the Internet provides assistance not only through availability of many different templates, but through Web sites that offer instructions on the materials and methods needed to make a hologram or laminate a counterfeit ID.

Let me briefly describe two instances of individuals who have used the Internet to sell false identification. Fortunately, law enforcement has been able to shut down both of these operations, but when they were in operation, they were able to produce a large number of high-quality identification cards.

The first Web site, operated by Josh Dansereau, made several high-quality false state driver's licenses. In an undercover capacity, I communicated with this individual by e-mail, and was able to track down his location using special computer software. Mr. Dansereau was later notified of the official investigation and he allowed me to search the house he used for his operation, where I found 85 envelopes containing fake IDs that were about to be mailed. Many IDs were to adults in their mid 30's and 40's in attempt to avoid law enforcement or commit fraud.

The second Web site, operated by Robert Sek, also marketed false identification through sales representatives on college campuses. Through a confidential informant, I obtained information about this operation, which was based in Austin, Texas. I turned my information over to the Texas Alcoholic Beverage Commission and the United States Secret Service, who subsequently executed a search warrant on the apartment where Mr. Sek operated. The IDs he made were high quality, and Mr. Sek told me that he made over \$1,000,000 from his sales of fake IDs. With the money he had made, he had planned to expand his operation and retain his own private attorney.

These two individuals represent only a small fraction of the Internet operations selling false identification. The State of Florida plans to continue our aggressive efforts to combat false identification and to curb the use of the Internet to manufacture and sell false identification. I appreciate the efforts of this Subcommittee to highlight this important issue.