OPENING REMARKS OF THE HONORABLE RUBÉN HINOJOSA
JOINT HOUSE O & I AND FINANCIAL INSTITUTIONS HEARING
ON
“FIGHTING FRAUD: IMPROVING INFORMATION SECURITY”
APRIL 3, 2003

Chairman Bachus, Ranking Member Sanders, Chairwoman Kelly, and Ranking Member Gutierrez,

I want to thank you for holding this important and timely joint hearing on "Fighting Fraud: Improving Information Security." I look forward to hearing the testimony of all the witnesses, particularly their insight into the three cases we are going to discuss today:

? **Teledata Communications Inc (TCI)**, in which individuals downloaded the personal information of 30,000 individuals over a period of time and accessed reports from consumer reporting agencies using access codes assigned to several lenders;

? the **TriWest Break-In**, in which sensitive information, including medical information, was stolen off this company’s computer, potentially compromising the privacy of over 500,000 military, their families and retirees; and,

? the **DPI Merchant Services** case, in which a hacker allegedly stole over 10 million Visa, MasterCard and American Express card numbers from the credit card processor.

All three of these cases are very troubling as they send a signal to the public that their personal financial and medical information is not safe. They send the signal that ID theft is fairly easy to accomplish and difficult to undo. These cases make us realize just how essential it is that we address the important issue of Identity Theft as soon as possible this Congress. I am glad that Congresswoman Hooley has formed a Task Force to accomplish this difficult task.

I want to commend the FTC for its efforts to address ID theft, especially the release of its pamphlet in both English and Spanish entitled *Identity Theft: When Bad Things Happen to Your Good Name*. I placed a hyperlink to that publication on my website for my constituents to access if they believe they are victims of Identity Theft. There is an old saying that education is the key to success. In this instance, education is the key to fraud prevention. I applaud the FTC for the workshops it provides to the public to prevent ID Theft and to protect their privacy.

I also applaud the FTC for finalizing its Gramm-Leach-Bliley Safeguards Rule, which requires financial institutions under the FTC’s jurisdiction to develop and implement appropriate physical, technical, and procedural safeguards to protect customer information. The Rule becomes effective on May 23, 2003. The Commission noted in its testimony that it expects this new Safeguards Rule to quickly become an important tool to ensure greater security for consumers’ sensitive financial information. I hope this will be the case and look forward to having additional information on this rule.

It is essential that we in Congress work together with the federal agencies, the associations and
private industry to ensure that the three cases we examine today will not be repeated in the future, and to ensure that the privacy of our constituents is protected.

Thank you Mr. Chairman and Mrs. Chairwoman. I look forward to hearing the testimony of the witnesses.