

We Americans, with our advanced technology, tend to look for technologically complicated answers for our security. These answers are often difficult for the public to understand, expensive to deploy and inflexible if compromised. I have developed a system that is simple, inexpensive, flexible and can end identity theft and its related crimes as we know them.

I developed this system from knowledge I gained from financial crimes I investigated as a Police Officer in Minnesota. While investigating those crimes I became very familiar with the financial systems involved in identity theft and with the problems of the victims. It was especially the problems of the victims that drove me to find a solution.

I have named the system Financial Transaction Security or FTS.

FTS is a system based on a four digit personal identification number or PIN that is used every time a financial transaction is made or anytime a person needs to be positively identified. The system works by an individual registering with FTS. The individual gives their name, date of birth, one finger print (predetermined), and a government issued number or GIN. The GIN could be, for example, a social security number. The individual then chooses a PIN.

Financial transactions will be done as they are currently. An individual, when purchasing an item will present a credit card, check, or some other financial instrument. Those instruments will be run through a reader, as they are now. The reader will notify the financial institution, as it does now. The reader will also read the GIN off the financial instrument. This will activate the FTS system. The individual making the purchase will be asked to personally enter his or her PIN. The PIN will be entered on the small separate keyboard now available at most locations. FTS will match the entered GIN and PIN to the GIN and PIN on record. A match will initiate an accepted response. No match will initiate a denied response. Retailers, financial institutions, etc., will then decide if they will continue the transaction or terminate it.

A key feature of the FTS system is the ability of the individual to change their PIN at their discretion. If a person thinks their GIN and PIN have been obtained by another individual or they are a victim of identity theft, they can change their PIN. A PIN can be changed at anytime. An individual will access an ATM-type machine, enter their predetermined finger print and their GIN and PIN. The individual will then be able to change their PIN while at the ATM-type machine. The changing of a PIN will immediately stop any further use of the former PIN. This prevents the criminal from committing a financial crime by removing the former PIN from the data base and replacing it with the new PIN. This feature of FTS eliminates or greatly minimizes damage to the victim's financial record.

It will, of course, be illegal to ask for, use, obtain, or keep records of an individual's PIN. A properly protected PIN will be very difficult for criminals to obtain.

FTS is designed to minimize or eliminate financial losses for individuals and businesses due to criminal activity. At a minimum FTS greatly reduces financial losses for individuals by containing the dollar amount of the theft and by reducing the money spent to recover from being a victim of identity theft. Businesses will benefit from FTS because FTS will greatly curtail or eliminate their costs for collection activities and closing/ creating new accounts for customers that are victims.

FTS can be used anytime an individual needs to be positively identified. Banks can use FTS to open financial accounts for customers after the customer is positively identified by FTS. Positive identification includes PIN, GIN and finger print. Positive identification stops individuals from using more than one identity to open financial accounts, the essential problem with identity theft. Law Enforcement can use FTS to positively identify individuals any time and at any location, thereby eliminating use of false identities relating to other criminal activities such as those associated with illegal immigration, terrorism, and terrorism financing.

FTS addresses the concerns of the Identity Theft Task Force and of United States citizens relating to the misuse of Social Security Numbers (SSNs).

Topics for Comment:

1. Current Private Sector Collection and Uses of the SSN.

FTS eliminates this concern because SSNs, if used as the GINs in the FTS system, have no value without a PIN. If FTS is in use, SSNs will not be able to be used to do financial crimes. Therefore the current uses of SSNs could continue. There does not have to be a new system developed to replace SSNs and no new laws are required to limit the use of SSNs. Those companies, hospitals, banks, and other institutions using SSNs to identify individuals will not have to establish new identification systems.

2. The Role of the SSN as an Authenticator.

FTS would eliminate the need to use SSNs to authenticate. FTS could use SSNs as the GIN in the GIN/PIN combination. The use of SSNs as a GIN would be very cost effective. Most people already have a SSN. The Social Security Administration has an infrastructure to issue SSNs, thereby making SSNs available as a GIN when people register with FTS.

3. The SSN as an Internal Identifier.

FTS will allow for internal use of the SSN as an identifier. FTS eliminates the value of SSNs to commit financial crimes. If SSNs have no value to commit crimes there is no reason for criminals to collect them. Businesses could continue to use SSNs as internal identifiers and do not have to invest time and money to establish new identifiers.

4. The Role of the SSN in Fraud Prevention.

SSNs do not work for fraud prevention. SSNs are too easily accessed by criminals to be of value in fraud prevention. Further, SSNs are assigned to an individual and once used fraudulently are very difficult to eliminate from the system. With an easily changeable PIN FTS eliminates the need to use SSNs for fraud prevention and will eliminate the need to issue new SSNs to law abiding citizens after their SSN has been criminally used.

5. The Role of the SSN in Identity Theft.

SSNs are easily obtained and used extensively to open financial accounts. Criminals around the world search them out. FTS is an alternative to SSNs as an identifier. Because FTS provides for easily changeable PINs, SSN theft, as a means to identity theft, becomes irrelevant. Once the financial incentive is removed from identity theft, criminals' interest in stealing identities for financial gain will cease.

In conclusion, rather than engaging in a complex, expensive, and ultimately futile attempt to reduce and/or curtail the use of SSNs in the United States to combat identity theft, FTS provides a simply, easy-to-implement system allowing SSNs continued legitimate and helpful use without assisting identity theft's criminal activities.