



SOCIAL SECURITY

Office of the Commissioner

September 28, 1999

The Honorable J. Dennis Hastert
Speaker of the House
United States House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is a draft bill "To Authorize Application of the Civil Monetary Penalty Authority to Representative Payees who Convert Benefits and Other Individuals Who Misuse Social Security Cards or Numbers." Upon enactment, the bill would be cited as the "Civil Monetary Penalty Extension Act of 1999."

In addition to paying benefits to eligible individuals under the Social Security and Supplemental Security Income (SSI) programs, the Social Security Administration (SSA) also maintains a record of wages and self-employment earnings earned by all workers since the beginning of the program in 1937. This record contains the employment history of about 300 million individuals, including the 150 million individuals currently in the active workforce.

Fundamental to the integrity of this record is the assignment of Social Security numbers (SSN). In order to be assigned an SSN, an individual now must provide SSA with evidence of citizenship or lawful immigration status, proof of age, and evidence that satisfactorily establishes the individual's identity.

While there are significant criminal penalties for SSN fraud, there are no provisions that authorize the Commissioner of Social Security to impose civil penalties for these offenses. The purpose of this legislative proposal is to establish civil monetary penalties, which the Commissioner can impose, for offenses involving fraudulent application for or misuse of SSNs and Social Security cards.

In addition, the proposed bill would provide for civil monetary penalties for individuals who, while serving as a Social Security or Supplemental Security Income beneficiary's representative payee, misuse the funds paid on behalf of the beneficiary. While such misuse is subject to criminal penalties, this legislative proposal would provide SSA with an additional means for dealing with misuse by representative payees. As with the criminal penalty, the civil monetary penalty would be in addition to SSA's recovery of the misused funds.

An enclosure to this letter provides a section-by-section summary.

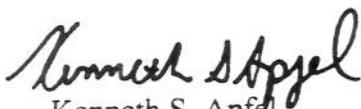
We urge the Congress to give the enclosed draft bill its prompt and favorable consideration.

This draft bill would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. We estimate that the draft bill's effects on direct spending and receipts would be negligible.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft bill to the Congress, and its enactment would be in accord with the program of the President.

I am sending an identical letter to the Honorable Al Gore, President of the Senate.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth S. Apfel".

Kenneth S. Apfel
Commissioner
of Social Security

Enclosures



SOCIAL SECURITY

Office of the Commissioner

September 28, 1999

The Honorable Albert Gore, Jr.
President of the Senate
United States Senate
S-212 Capitol Building
Washington, DC 20510

Dear Mr. President:

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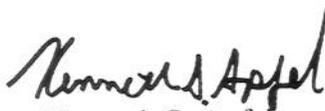
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I am sending an identical letter to the Honorable J. Dennis Hastert, Speaker of the House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth S. Apfel". The signature is written in a cursive style with a large initial "K".

Kenneth S. Apfel
Commissioner
of Social Security

Enclosures

Civil Monetary Penalty Extension Act of 1999

Section-by-Section Summary

Short Title

Section 1 would provide that the Act may be cited as the "Civil Monetary Penalty Extension Act of 1999."

Application of Civil Monetary Penalty Authority to Misuse of Social Security Numbers and Cards and to Misuse of Benefits by a Representative Payee.

Section 2 would expand the authority for imposing civil monetary penalties to offenses involving fraudulent application for or misuse of the Social Security Number and Card and misuse of Social Security or Supplemental Security Income benefits received by a representative payee on behalf of another individual.

A B I L L

To amend the Social Security Act to authorize application of the civil monetary penalty authority to representative payees who convert benefits and other individuals who misuse social security cards or numbers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Civil Monetary Penalty Extension Act of 1999".

SEC. 2. EXTENSION OF THE CIVIL MONETARY PENALTY AUTHORITY.

(a) In General.--Section 1129(a) of the Social Security Act is amended--

(1) by striking "(A)" and "(B)" and inserting "(i)" and "(ii)", respectively;

(2) by striking "(a)(1)" and inserting "(a)(1)(A)";

(3) by striking "(2)" and inserting "(B)"; and

(4) by adding at the end the following new paragraph:

"(2) Any person (including an organization, agency, or other entity) who--

"(A) having received, while acting in the capacity as representative payee pursuant to section 205(j) or section 1631(a)(2), a payment under title II or title XVI for the use and benefit of another individual, converts such payment, or any part thereof, to a use that such person knows or should know is other than for the use and benefit of such other individual; or

"(B) uses a social security account number that such person knows or should know has been assigned by the Commissioner of Social Security (pursuant to an exercise of authority under section 205(c)(2) to establish and maintain records) on the basis of false information furnished to the Commissioner of Social Security by any individual; or

"(C) falsely represents a number to be the social security account number assigned by the Commissioner of Social Security to any individual, when such person knows or should know that such number is not the social security account number assigned by the Commissioner of Social Security to such individual; or

"(D) knowingly alters a social security card issued by the Commissioner of Social Security, or possesses such a card with intent to alter it; or

"(E) knowingly buys or sells a card that is, or purports to be, a card issued by the Commissioner of Social Security, or possesses such a card with intent to buy or sell it; or

"(F) counterfeits a social security card, or possesses a counterfeit card with intent to buy or sell it; or

"(G) discloses, uses, or compels the disclosure of the social security account number of any person in violation of the laws of the United States

shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than

\$5,000 for each such violation."

(b) Conforming Amendments.--

(1) Section 1129(b)(3)(A) of such Act is amended by striking "charging fraud or false statements".

(2) Section 1129(c)(1) of such Act is amended by striking "and representations" and inserting ", representations, or actions".

(3) Section 1129(e)(1)(A) of such Act is amended by striking "statement or representation referred to in subsection (a) was made" and inserting "violation occurred".

(4) Section 1129(1) of such Act is amended by inserting "assignment of a social security account number or" after "application of an individual for".

(c) Effective Date.--The amendments made by this section shall be effective with respect to violations committed after the date of the enactment of this Act.