



October 27, 2023
<Sent via electronic mail>

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Consumer Financial Protection Bureau
Small Business Review Panel
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Dear Panel Members,

The United Council on Welfare Fraud (UCOWF) is grateful for the opportunity to submit our comments to the Consumer Financial Protection Bureau's (CFPB) Small Business Review Panel regarding the Consumer Reporting Rulemaking Outline of Proposals and Alternatives Under Consideration dated September 15, 2023. UCOWF, a national professional membership association with a half-century legacy, is dedicated to combating waste, fraud, and abuse in our nation's public assistance programs. We represent local, state, and federal employees tasked with upholding program integrity and stewardship of taxpayer resources.¹

As the exclusive national organization with a singular focus on detecting, preventing, prosecuting, and recovering from welfare fraud, we were deeply concerned to discover that the CFPB is actively pursuing changes that may compromise the essential tools we rely on daily to adhere to local, state, and federal laws, regulations, and policy requirements that underpin assistance programs impacting a significant portion of our nation's residents.

The proposed Rulemaking poses a significant threat to our efforts in detecting and preventing identity fraud, synthetic identity fraud, and the takeover of accounts held by current recipients, a group that includes our nation's most vulnerable and marginalized citizens, across all government assistance programs. While we commend the CFPB's intentions regarding credit header data and stringent privacy protections, the unintended consequences are alarming and require immediate attention.

These consequences not only hinder our members, both sworn and non-sworn, from accessing crucial data needed to confirm applicant and recipient identities but also open the door to government funds that have been exploited by organized criminal groups, transnational fraud rings, terrorists, and hostile nation-states actively seeking to harm the United States while profiting from the exploitation of the very individuals the CFPB aims to protect. The proposals, as currently crafted, are akin to discarding the valuable with the obsolete.

It is perplexing that the CFPB is considering such proposals, particularly those related to access to public records, in light of recent government reports revealing the unprecedented extent of fraud committed during the COVID-19 pandemic. In the House Oversight Subcommittee

¹ Our membership consists of over 1,500 local, state, and federal employees sworn law enforcement and non-sworn (civilian) investigators, analysts, and improper payment recovery subject matter experts. For the last 50 years, UCOWF provides annual training on program integrity best practices, fraud trends, and provide eligible members with the only professional certification in our field. More information about us can be found on our website, www.ucowf.net.





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hearing on October 19, 2023, Chairman David Schweikert highlighted the massive scale of fraud that plagued government assistance programs during the pandemic.

For example, in the initial 14 days of the Paycheck Protection Program, over \$300 billion in loans were distributed, making benefit programs more susceptible to malicious actors. Unemployment Insurance fraud alone totaled between \$100 and \$135 billion, and the IRS had to issue a moratorium on the Employee Retention Tax Credit due to significant fraud concerns.²

In the same hearing, former Deputy Executive Director of the Pandemic Repose Accountability Committee, Linda Miller, testified:³

“The government lags the private sector in the use of technology to identify and prevent fraud. During the pandemic, fraud actors saw an enormous opportunity to exploit this weakness. State and federal agencies were and are vulnerable to fraud because they lack the tools necessary to detect fraud patterns...”

Part of the challenge lies in outdated laws, including the Fair Credit Reporting Act (FCRA) and the Privacy Act. These laws severely limit agencies’ ability to use data to prevent fraud, especially given the rise of data breaches and the epidemic of identity-theft based fraud perpetrated by sophisticated organized criminal groups. Rapid technological developments, digitalization and datafication of society and the economy require innovative regulatory approaches, in addition to traditional laws, regulations and regulatory policies. The tension between privacy protection and fraud prevention creates an untenable paralysis within government that fraudsters happily exploit.”
[emphasis added]

The CFPB's proposed rulemaking must consider its implications for other federal agencies, programmatic impacts, and the broader consequences that conflict with the corrective actions sought by Congressional leadership. We urge the Bureau to explore ways in which government entities can utilize credit header data, criminal histories, and data analytics tools while carefully assessing the impact on public safety, the integrity of public assistance programs, and the tools used to positively identify recipients or mitigate risks to taxpayer resources while ensuring appropriate privacy controls.

If you have any questions, please contact us at UCOWFmail@gmail.com. We eagerly anticipate collaborating with you and the Panel to address the concerns related to the proposed rulemaking.

Sincerely,

Carrol Christian, UCOWF President

cc: The Honorable David Schweikert

² <https://waysandmeans.house.gov/event/oversight-subcommittee-hearing-on-investigating-pandemic-fraud-preventing-history-from-repeating-itself/>, October 19, 2023

³ <https://gop-waysandmeans.house.gov/wp-content/uploads/2023/10/Miller-Testimony.pdf>

