

**Testimony of Terry D. McClung, Jr.
to the United States Senate Committee on Finance
Subcommittee on Fiscal Responsibility and Economic Growth Hearing:**

***The Spread of Tax Fraud by Identity Theft:
A Threat to Taxpayers, A Drain on the Public Treasury***

May 25, 2011

Dear Chairman Nelson and the Members of the Committee,

On December 3, 2008, my family experienced the highest of highs – my wife Stephanie gave birth to our daughter Kaitlyn. On May 6, 2009, we felt the lowest of lows. Our happy, healthy 5 month old daughter died due to Sudden Infant Death Syndrome (SIDS). Losing a child, especially so unexpectedly, is every parent's worst nightmare. Thankfully, we found some support from other SIDS families that we've met in an online support group.

It was through that group that we first learned of a pretty despicable act. In 2010 several people posted that their '09 tax returns were rejected because someone had already claimed their babies. Some of these people were already struggling financially, and were counting on that refund. Some still had funeral expenses to pay. One family paid their tax preparer a total of \$450 because of all this. In total, just through that online support group, we know of eight families throughout the country who had their taxes rejected for this same reason.

Stephanie and I e-filed on the evening of February 16. I woke up the next day to two new emails stating that both our Federal and Maryland State Returns were rejected because "the dependent's Social Security number cannot appear in more than one tax return." I made countless phone calls that day without much progress. When I called the IRS, I was told that I had to talk to the Social Security Administration. When I called the Social Security Administration, I was told that I'd have to deal with the IRS. I called every phone number I was given and that I could find, retold my story more times than I can remember, and filled out an identity theft report.

After a whole day of spinning wheels, I finally found out how the process would work. We had to submit paper returns instead of e-filing and we would still get our refund. But sometime within the next year, both we and whomever else claimed Kaitlyn would receive a letter stating that whichever one of us "mistakenly" claimed her would have to file an amended return. (We received this letter on November 3.) If neither one of us amended our return, we would both get another letter requesting proof that Kaitlyn was our dependent. As long as the other person amended their return, this would all go away and that person would not have to pay any penalty or face any consequences. Learning that made all this more sickening.

That same day we learned about the Social Security Death Index on Ancestry.com – the first result if you google that phrase. In mere seconds, anybody in the world can access social security numbers and other personal information for anyone in their database, which today includes almost 90 million records! Of course, Kaitlyn is in that database. Every other family

that had their taxes rejected found their deceased babies on there as well. I emailed a complaint that Kaitlyn's information was posted without our consent. Two days later, I received a generic response stating that the list "is published by the Social Security Administration and we post records of this kind on our website as we receive them."

We contacted the I-Team at WBAL-TV in Baltimore to see if they could help us get to the bottom of this. Lisa Robinson suggested we contact Dick Myers in Senator Mikulski's Office. He quickly put me in touch with the Baltimore Taxpayer Advocacy Office. I gave them the link to the ancestry.com database and a list of the victimized families we knew. I had at least a dozen phone calls back and forth with the Advocacy Office, but the little bit of information they could give us came in slowly. In July the Advocacy Office contact told us that they had discovered that three of the eight cases were all filed by the same tax preparer and that the others were all prepared in the same state. The IRS had opened a federal investigation, and that's the last information we were allowed to be told.

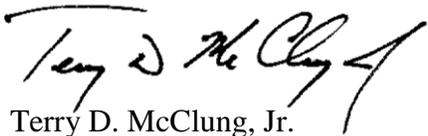
This past October, I was contacted by Patricia Farrie in the IRS Office of Privacy, Information Protection, and Data Security. They are investigating our cases as well.

Our story aired on WBAL-TV on March 31. I've spoken with journalists in Cincinnati, Atlanta, and Charlotte who have produced similar stories. A national reporter from NBC News contacted me as well. They've all received little or no response from the IRS.

To this day, we don't know what if anything has come out of this. We hope the person who stole our innocent daughter's social security number will pay the consequences. But from what we've been told, that's doubtful. If anything does ever come out of these investigations or my testimony for this hearing, it won't change anything we've gone through. But Stephanie and I, and all the other victims can only hope that the IRS will get tougher on these criminals and prevent future families from having to go through all this on top of the anguish of losing a child.

Thank you for your time and attention to this matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Terry D. McClung, Jr." The signature is written in a cursive style with a large, sweeping initial 'T'.

Terry D. McClung, Jr.

Related Internet Links:

Ancestry.com Social Security Death Index:

<http://ssdi.rootsweb.ancestry.com/>

WBAL-TV (Baltimore, MD) - March 2010

I-Team Investigates 'Troubled Returns'

<http://www.wbalv.com/video/23022637/detail.html>

WCPO-TV (Cincinnati, OH) - April 2010

Can Someone Profit From A Child's Death?

http://www.wcpo.com/dpp/news/local_news/Can-Someone-Profit-From-A-Child%27s-Death

WCPO-TV (Cincinnati, OH) - October 2010 Follow-Up

IRS: "We're outraged" someone stole IDs of dead babies

http://www.wcpo.com/dpp/news/local_news/investigations/irs%3A-%27we%E2%80%99re-outraged%27-someone-stole-ids-of-dead-babies

WSB-TV (Atlanta, GA) - November 2010

IRS Investigates Tax Fraud Using Dead Children

<http://www.wsbtv.com/video/25802405/index.html>

WSOC-TV (Charlotte, NC) - February 2011

9 Investigates: Tax Cheaters Use Deceased Children's Social Security Numbers

<http://www.wsocv.com/video/26958099/index.html>