

## Identity Theft: A National Crisis

Identity theft is the fastest-growing crime in America, striking some 700,000 people last year from all walks of life. Identity theft comes in a wide range of forms. In the most serious cases, thieves have bought cars and even houses by taking out loans in some else's name. In other cases, the thief simply obtains another person's Social Security number and uses it to, say, get a new credit card. On average, a victim of identity theft spends 175 hours restoring his or her good name by notifying credit bureaus, canceling credit cards and negotiating with creditors. While most creditors will waive fraudulent charges, individuals are responsible for legal fees, long distance phone calls, travel costs and missed work days – expenses that can total thousands of dollars.

Identity theft isn't a new crime, but incidents of it have skyrocketed since the late 1990s. In the past year alone, the number of reported cases of identity theft has risen 40%, the fastest increase of any crime, according to federal regulators.

According to the Federal Trade Commission definition, an identity thief is someone who appropriates a piece of your personal information without your knowledge and makes use of it to commit fraud or theft. With the rise of technology-based financial transactions, such as those effected by means of ATMs, Internet e-commerce, or automated telephonic output, the incidence of identity theft has skyrocketed. As a result, it is virtually guaranteed that you or someone you know has been or will be a victim of this crime. Here's how to reduce the risk that you'll be victimized, and what to do if you are.

**How does identity theft happen?** More easily than you may think. Two excellent and easily tapped sources of personal information are your mail and your garbage. From those sources, dishonest folks can unearth a virtual treasure trove of information about you -- through your bank and credit card statements, pre-approved credit offers, tax information, pay stubs, and virtually anything else that crosses the desk of your home office. Thieves can also complete a "change of address form" on your behalf, use personal information you share on the Internet, or buy personal information from "inside sources," such as someone who cleans your office or works at your doctor's office or at a retail store where you shop.

If a thief targets you, he or she can then obtain your credit report, and all of the information it contains, by posing as your landlord, employer, or someone else who may have a legitimate need for — and a legal right to — the information. The thief may then use your information to open checking accounts, or to obtain credit cards, retail charge cards, and even a driver's license or passport in your name.

That is the real damage in an identity theft case. Often, the thief does not use *your* accounts (although that happens, too). Instead he or she opens new accounts in your name or uses your identity to commit further fraud. You may not find out about the problem until you apply for a home mortgage and learn you have terrible credit, or until the police contact you because you're being investigated for fraud.

**What can you do to prevent identity theft?** First and foremost, check your credit record regularly. There are three major credit bureaus in this country: Equifax, Experian, and Trans Union. Get your report from *each* agency (they do not necessarily have the same information) at least once a year.

Here are several other strategies that may prevent identity theft:

- Invest in a shredder and use it to destroy any personal document you discard.
- Before revealing any personal identifying information, ask if you can choose to keep it confidential.
- Pay attention to your billing cycles and contact creditors if a bill is missing.
- Deposit outgoing mail in a post office collection box (as opposed to your own mailbox) and have your mail held if you are leaving town.
- Avoid providing personal information over the phone.
- Give out your Social Security number only when absolutely necessary (or, better yet, never in commercial transactions).

**What legal recourse do you have?** From a litigation perspective, one of the most troubling things about identity theft is that the thief, if he or she is ever caught, often lacks the assets to pay any judgment you obtain. But both state and federal law provide a variety of vehicles for obtaining recovery.

*Federal Theft Law.* The Fair Credit Reporting Act requires credit reporting agencies to maintain “reasonable procedures” to avoid improper disclosures of consumer credit information. A consumer who is harmed by the wrongful release of credit information has two years to bring an action against the agency for any resulting liability. Be careful, however. In a recent case, the U.S. Supreme Court ruled that the two-year period begins to run when the improper disclosure *occurs*, not when the victim *discovers* the problem. It is thus imperative that consumers check their report regularly for inaccurate information. By passing the Identity Theft and Assumption Deterrence Act of 1998, Congress has made it a federal crime to transfer or use another person’s identity with the intent to commit unlawful activity.

*State Theft Laws.* States are slowly beginning to address this issue head on. Some states, like California, have passed laws specifically on point. In other states, including Illinois, the government and victims must try to twist the provisions of standard theft laws to the peculiarities of the identity theft situation.

Identity theft is not a crime that affects only individuals. Businesses, too, are frequent victims.

Identity theft can lead to serious headaches, and even devastating financial consequences. Of course, the best strategy is prevention. But if you do become a victim, the key is quick action. If you prefer, the firm will take action for you with our “identity theft package.” For a modest fee, we’ll examine your credit record and contact all of your creditors and credit reporting agencies to inform them of the problem and begin to set things right. To find out more, contact Serge Biberman at 312-410-7863.