



## IDENTITY CRIMES

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*Adapted from the Wisconsin Department of Justice Financial Crimes Unit*



## IDENTITY CRIMES...

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- Welcome to the world of Identity Theft and Identity Fraud.
- Will YOU be the next victim?



## IDENTITY CRIMES...

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“Once considered primarily an economic crime or a juvenile pastime, Identity Crime is now recognized as a security breach that may have enormous consequences for our nation.”

AAMVA 2002



## IDENTITY CRIMES

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- Theft or Misuse of Personal or Financial Identifiers to Obtain Something of Value or Facilitate Other Criminal Activity.
  - Identity Theft
  - Credit Card Fraud
  - Access Device Fraud
  - Check Fraud
  - Bank Fraud
  - False Identification Fraud
  - Passport/Visa Fraud



## WHAT IS IDENTITY THEFT?

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- Illegally using another person's personal information or documents to obtain credit, money, goods, services, employment or anything else of value or benefit without that person's consent.



## TYPES OF ID THEFT

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- True Identity Theft (all data taken)
- True/False ID Theft (mix of info)
- False ID Theft (all false info used)



## SCOPE OF THE PROBLEM...

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- Fastest growing crime in America
- Number 1 Consumer Fraud Complaint
- Over 10 million victims in 2002
- Over \$53 billion in losses in 2002



## SCOPE OF THE PROBLEM...

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- Since 1990: 33 million victims in US
- Perceived low risk and high profit
- Further facilitates other crimes
- Increasing gang/organized crime involvement
- 53% of victims do not notify police



## SCOPE OF THE PROBLEM

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- Terrorism Threats and Acts
- Since 1990, 1 in 6 adults a victim
- Since 1998, 1 in 4 US households a victim
- 25% victims misuse occurred in one day
- 1 in 700 caught
- Epidemic crime because of easy credit



## PERSPECTIVE

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- This seemingly low level white collar crime has become a national epidemic with staggering economic losses and a devastating impact on victims.
- Easy crime to commit, difficult crime to investigate and a hassle to prosecute.



## **EASY CRIME TO COMMIT...**

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- Not face-to-face
- Hide behind computers / Internet
- No photographs
- No fingerprints
- No witnesses
- ID Thief works alone
- No application forms or signatures



## **EASY CRIME TO COMMIT**

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- No address / mail drops
- Use cell phones
- Public Records...so much info out...
- Master Deceased Database



## ARE YOU AT RISK...?

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- Test Your Identity Theft Awareness

- Source: Privacy Rights Clearinghouse



## ARE YOU AT RISK...?

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- You receive several offers of pre-approved credit every week. **5 Points**
- Add **5 more points** if you do not shred them before putting them in the trash.
- You carry your Social Security card in your wallet. **5 Points**
- You do not have a PO Box or locked, secure mailbox. **5 Points**



## ARE YOU AT RISK...?

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- You use an unlocked, open mailbox at work or at home to drop off outgoing mail. **10 Points**
- You carry your military ID in your wallet at all times. **10 Points**
- You do not shred or tear banking and credit information when you throw it in the trash. **10 Points**



## ARE YOU AT RISK...?

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- You provide your Social Security Number whenever asked, without asking how that information will be used or safeguarded. **10 Points**
- Add **5 Points** if you provide your SSN orally without checking to see who may be listening.
- You are required to use your SSN at work as an employee or student ID number. **5 Points**



## ARE YOU AT RISK...?

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- You have your SSN printed on your employee badge that you wear at work or in the public. **10 Points**
- You have your SSN or driver's license number printed on your personal checks. **20 Points**
- You are listed in a "Who's Who" guide. **5 Points**



## ARE YOU AT RISK...?

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- You carry your insurance card in your wallet or purse and either your SSN or that of your spouse is the ID number. **20 Points**
- You have not ordered a copy of your credit report for at least two years. **10 Points**
- You do not believe that people would go through your trash looking for credit or financial information. **10 Points**



## HOW YOU RATE

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- 100 Points – High Risk
- 50 to 100 Points – Your odds of becoming a victim are about average. Higher if you have good credit.
- 0 to 50 Points – Congratulations, you have a “High ID Theft IQ.” Keep up the good work and don’t let your guard down.



## ALREADY VICTIMS

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- Oprah Winfrey
- Steven Spielberg
- Ted Turner
- Warren Buffett
- Tiger Woods
- Martha Stewart
- Robert De Niro



## TEXAS LAW

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- In Texas, Identity Theft is a FELONY



## ELEMENTS OF THE CRIME...

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- Whoever, for any of the following purposes, intentionally uses, attempts to use, or possesses with intent to use any personal identifying information or personal identification document of an individual, including a deceased individual, without the authorization or consent of the individual and by representing that he or she is the...



## ELEMENTS OF THE CRIME...

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individual, that he or she is acting with the authorization or consent of the individual, or that the information or document belongs to him or her is guilty of a State Jail felony.



## ELEMENTS OF THE CRIME

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- To obtain credit, money, goods, services, employment, or any other thing of value or benefit.
- To avoid civil or criminal process or penalty.
- To harm the reputation, property, person, or estate of the individual.



## **PERSONAL IDENTIFICATION DOCUMENTS...**

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- A document containing personal identifying information.
- An individual's card or plate used to obtain money, goods, services, or any other thing of value or benefit; or it can be used to initiate a transfer of funds.



## **PERSONAL IDENTIFICATION DOCUMENTS**

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- Any other device that is unique to, assigned to, or belongs to an individual and that is intended to be used to access services, funds, or benefits of any kind to which the individual is entitled.



## **PERSONAL IDENTIFYING INFORMATION...**

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- Individual's name
- Individual's address
- Individual's telephone number
- Unique identifying driver number assigned to the individual by the DOT



## **PERSONAL IDENTIFYING INFORMATION...**

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- Individual's Social Security number
- Individual's employer or place of employment
- Identification number assigned to an individual by his/her employer
- Maiden name of an individual's mother
- Identifying number of a depository account



## **PERSONAL IDENTIFYING INFORMATION...**

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- Individual's taxpayer identification number (TIN or ITIN).
- Individual's DNA profile
- Individual's PIN number or any other means of account access
- Individual's unique biometric data



## **PERSONAL IDENTIFYING INFORMATION**

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- Any other information that can be associated with a particular individual through one or more identifiers or other information or circumstances.



## **DUTY OF LAW ENFORCEMENT...**

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- If an individual reports to a law enforcement agency for the jurisdiction which is the individual's residence that personal identifying information or a personal identifying document belonging to the individual reasonably appears to be in possession of another in violation of this section or that another has used or has attempted to use it in violation of this section, the agency shall prepare a report on the alleged violation.



## **DUTY OF LAW ENFORCEMENT...**

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- If the law enforcement agency concludes that it appears not to have jurisdiction to investigate the violation, it shall inform the individual which law enforcement agency may have jurisdiction.



## HOW THIEVES OBTAIN PERSONAL INFORMATION

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- Theft of wallet or purse
- “Dumpster Diving”
- Inside sources / Corrupt employee
- Mail Theft
- Online data / Internet / Skimming
- Submitting change of address forms
- Finding personal information while inside your home
- Shoulder surfing or eavesdropping



## HOW THIEVES OBTAIN PERSONAL INFORMATION

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- Public Documents
- Pretext Calls or Emails
- Fraudulent solicitations: jobs/services
- Social Security Death Index
  - 71 million identities listed
  - [www.ancestry.com](http://www.ancestry.com)



## HOW THIEVES USE PERSONAL INFORMATION...

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- Open credit card accounts (42%)
- Start up phone and/or utility service (22%)
- Bank fraud (17%)
- Employment (illegal aliens) (9%)



## HOW THIEVES USE PERSONAL INFORMATION...

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- Purchase vehicle w/ fictitious loan
- Evade citation, arrest, criminal record (12%)
- Illegal entry into U.S.
- Sky is the limit! Limited only by the imagination and greed of the thief



## HOW THIEVES USE PERSONAL INFORMATION

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- Finance Gang / Organized Crime
- Finance Terrorist Groups
- Provide Identities for Terrorists to Use
- Provide ways to fund terrorist activities
- Provide Identities for Fugitives
- Provide Identities for People with Bad Credit



## CREDIT CARD FRAUD...

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- Most ID Theft involves credit card fraud
- Easier because of Internet and call-ins
- Fraudulent card application – 3%
- Account Takeovers – 1%
- Credit card losses: 1/100 of 1% of all credit card sales volume



## CARD FRAUD...

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- Lost or stolen card.
- Non-Receipt of card (intercepted).
- Skimming or counterfeit cards.
- Fraudulent use of victim's card number and expiration date.
  - Fraudulent mail, telephone, Internet purchases.



## FRAUDULENT CREDIT CARDS...

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- ID Thief needs your identity data:
  - Name
  - Address
  - Social Security Number
  - Place of Employment
  - Estimate of Annual Income



## CARD FRAUD RAMPANT

- No incentive for the credit card industry to tighten policies and procedures for the issuance, use and misuse of their cards. The “cost” of doing business.
  
- Costs passed on to the consumer.
  - Victim \$50 maximum fraud liability; usually waived.



## SOCIAL SECURITY NUMBER (SSN) MISUSE

- Misuse of SSN's is a national crisis
- SSN most valuable “identifier” in US
- Used in all realms of public and private life
- Often/always asked for...seldom really needed
- CRA's: SSN/Last Name/First letter of first name



## WHAT TO DO IF YOU BECOME A VICTIM...

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- Contact the fraud department from ONE of the three credit reporting agencies:  
Experian: 888-397-3742  
Equifax: 800-525-6285  
Trans Union: 800-680-7289
- Place a “FRAUD ALERT” and “VICTIM STATEMENT” on your credit reports



## WHAT TO DO IF YOU BECOME A VICTIM...

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- Obtain free copies of your credit reports from each of the three credit reporting agencies and review them carefully.



## WHAT TO DO IF YOU BECOME A VICTIM...

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- Contact local law enforcement to report crime... COPY OF REPORT.
- Contact creditors for any fraudulent accounts opened or tampered with.
- Report crime to Postal Inspector if mail involved.



## WHAT TO DO IF YOU BECOME A VICTIM...

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- Notify DOT/DMV.
- Other notifications as appropriate.
- Document and keep records of all correspondence and telephone calls.



## WHAT TO DO IF YOU BECOME A VICTIM

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- Contact the Federal Trade Commission

ID Theft Hotline: 1-877-IDTHEFT  
(1-877-438-4338)

<http://www.consumer.gov/idtheft>



## VICTIM PROFILE

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- Largest victim age group, 30-39 yrs.
- Average time between date ID Theft occurred and date noticed is 12 months.



## HOW VICTIMS FIND OUT?

- Denied credit
- Contacted by Credit Reporting Agency
- Contacted by credit provider
- Contacted by credit card fraud unit
- Victim checks their own credit report
- Problems seeking employment
- Calls/letters
- Investigations/Arrests by law enforcement



## INTANGIBLE IMPACT...

- Devastating affect on consumers' lives
- Usually discovered when turned down for loan or receive letter/call from a collection agency
- Denied credit and financial services, utility service, employment, wages garnished, tax refunds withheld, etc



## INTANGIBLE IMPACT...

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- Criminal record created resulting in failed background checks, D/L's revoked, arrested and detained on warrants
- Average victim spends 175 hours and \$800 (not incl. atty. fees) over two years to straighten out financial matters



## INTANGIBLE IMPACT

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- Victims describe Identity Theft as:
  - Financial rape
  - Scourge
  - Nightmare
  - Epidemic
  - Devastating
  - Overwhelming
- Victim is angry, frustrated and wants justice. Feel "violated!"



## HOW TO PROTECT YOURSELF...

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- Manage Personal Information Wisely
- Determine how your information will be used before providing it
- Pay attention to billing cycles
- Put passwords on credit cards. Avoid using mother's maiden name, DOB, last four digits of Social Security number, or series of consecutive numbers
- Opt out of credit solicitations/direct mailings



## HOW TO PROTECT YOURSELF...

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- Minimize the number of credit cards and ID documents you carry
- Do not carry Social Security card in wallet/purse
- Don't give out personal information on telephone, mail or Internet unless you initiated contact or you are sure whom you are speaking with



## HOW TO PROTECT YOURSELF...

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- SHRED discarded personal records and documents
- Verify that your employment records are kept in a secure location
- Order copies of your credit report yearly from each of the three credit reporting agencies



## HOW TO PROTECT YOURSELF...

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- Secure mailbox for receiving mail
- Mail bills, checks, important information or documents from secure mailboxes
- Keep personal information in a safe place
- Shred pre-approved credit solicitations (400 million sent out every month)



## HOW TO PROTECT YOURSELF

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- Insurance Policies
  - Cover any expense/loss
  - Cover recovery assistance
- Identity Theft Expense Coverage
- Usage or Monitoring Services
- Actual fraud loss coverage (businesses)
- Also SCAMS involving ID Theft  
“protection”



## IDENTITY DOCUMENTS...

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- Primary ID in US is State Drivers License or ID Card (240 versions)
- Social Security card IS NOT an identity document
- Social Security number IS a unique individual identifier; a national identifier; not recycled
- 420 million SSN's issued/217 million “active” (10% fraudulent)



## IDENTITY ISSUES / NAMES

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- Transliteration
- Typing Errors / Illegibility
- Misspelled Names
- Legitimate Alternative Spellings
- Phonetic Spellings
- Name Reference Library (NRL)
  - Language Analysis Systems
  - [www.las-inc.com](http://www.las-inc.com)



## IDENTITY ISSUES...

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- Many same name/DOB persons
- Do we want or need to better identify people?
- Fraudulent Breeder Documents
- IDENTITY PROCESS:
  - Verification: of source documents
  - Issuance: secure / tamperproof
  - Authentication: visual / machine-readable



## IDENTITY ISSUES...

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- Most ID cards easy to counterfeit
- Most ID cards easy to fraudulently obtain
- 5% of all ID's reported lost / stolen
- 10% of all ID's in US are fake
- 100,000 US passports reported lost/stolen every year



## IDENTITY ISSUES...

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- National Farm Animal Identification and Records Programs (FAIR)...

a national animal identification system

Ear Tag

Electronic Tag

DNA / Genetic Testing (hair follicles)

## Disconnected Dots... Consequences

**April 2001:** Broward County Sheriff (Florida) stops Atta's vehicle. Issues ticket for driving without a license. Ordered to appear.



Sheriff didn't know Atta was on a U.S. government "watch list" for terrorist activities.

**May 2001:** Atta fails to appear in court. Criminal bench warrant issued for his arrest.

## Disconnected Dots... Consequences

Atta applies for and receives a Florida D/L.  
DOT doesn't know about "watch list" or warrant.



**September 11:** Atta uses new D/L to board plane in Portland, Maine.

Airport security doesn't know about "watch list" or warrant.



**Atta was at the controls of one of the planes  
that crashed into the World Trade Centers.**

## **IDENTITY ISSUES / TERRORISM...**

- 288 million Americans
- 500 million visitors to US every year
- 7500 miles of land borders
- 95,000 miles of shoreline
- 350 seaports / 12 million containers
- 429 commercial airports



## IDENTITY ISSUES / TERRORISM...

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FBI to all law enforcement agencies:  
“...detect, disrupt, deter and  
defend against potential  
terrorist attacks.”



## IDENTITY ISSUES / TERRORISM...

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- 6 of 9/11 hijackers had fraudulent SSN's
- 11 of 9/11 hijackers had fraudulent Identity Documents to board planes
- 9 Federal Agencies keep 12 Watch Lists
- 5,000 al-Qaeda members in US



## IDENTITY ISSUES / TERRORISM

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- US PATRIOT ACT
  - Customer Identification Programs requiring financial institutions to collect and verify customer identity data.



## CONTEXT...

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- “While the first responsibility of government is to protect our lives and property, we shouldn’t rush into giving up some of our freedoms unnecessarily.”

Adam Thierer  
Cato Institute  
Washington, DC  
9/21/2001



## CONTEXT

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- Privacy paranoia has become a national obsession.
- Privacy is overrated.
- Fallacy: The belief that because people know something about you, they care.
- The opposite of privacy is not the invasion of privacy; it is openness.

David Plotz



## "1984"

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- George Orwell:  
"If the terrorists' objective is to create chaos and disrupt our society, what better way than to frighten us into feeling that the illusion of safety is worth more than the Bill of Rights?"



## BUSINESS ISSUES...

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- Business Good vs. Customer Good
  - Customer Service vs. Responsibility
  - Convenience vs. Security
  - Social Security Administration
    - World Class Service
- VS
- Zero Tolerance for Fraud



## BUSINESS ISSUES

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- Does business protect your data?
- Does business sell or trade your data?
- Honest employees?
- Strong Protective Policies?
- Verify changes with customer?
- How verify customer's identity?
- Notify victims of breach?



## WHAT YOU SHOULD DO:

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- Be aware
- Be careful
- Be informed
- Be involved



## RESOURCES...

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- Wisconsin Department of Justice  
[www.doj.state.wi.us/dci/collar](http://www.doj.state.wi.us/dci/collar)
- Federal Trade Commission (FTC)  
[www.ftc.gov](http://www.ftc.gov) and [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft)
- U.S. Department of Justice (DOJ)  
[www.usdoj.gov](http://www.usdoj.gov)
- Federal Bureau of Investigation [www.fbi.gov](http://www.fbi.gov)



## RESOURCES

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- Social Security Administration [www.ssa.gov](http://www.ssa.gov)
- U.S. Secret Service [www.treas.gov/usss](http://www.treas.gov/usss)
- U.S. Postal Inspection Service  
[www.usps.gov/websites/department/inspect](http://www.usps.gov/websites/department/inspect)
- Internal Revenue Service  
[www.treas.gov/irs/ci](http://www.treas.gov/irs/ci)
- Equifax – [www.equifax.com](http://www.equifax.com)
- Experian – [www.experian.com](http://www.experian.com)
- Trans Union – [www.tuc.com](http://www.tuc.com)