

Understanding, Protecting and
Recovering from

IDENTITY THEFT

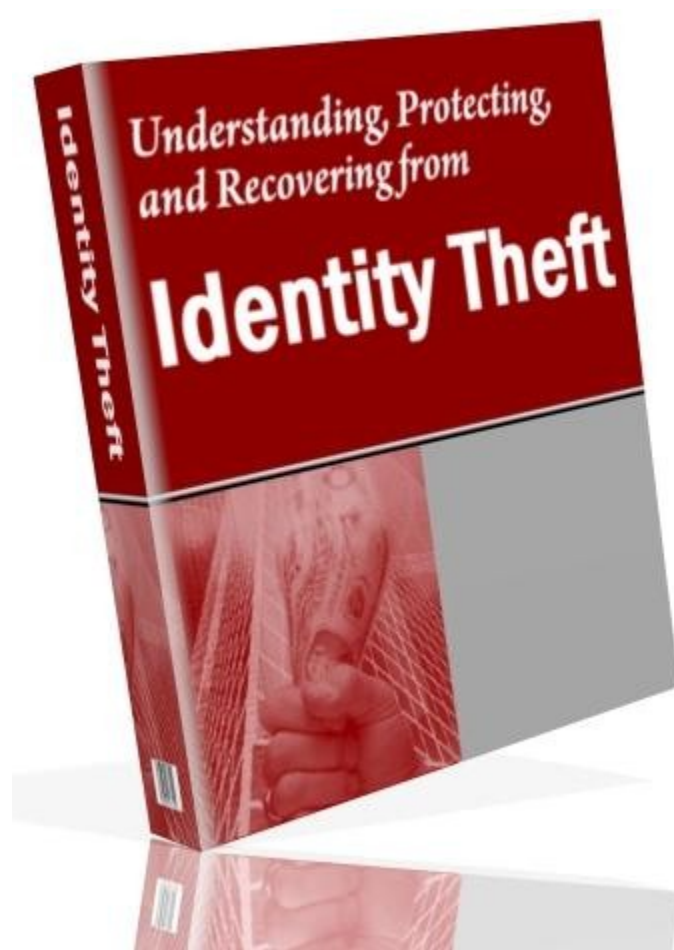


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INTRODUCTION

The commercials are all over television – and they certainly are attention-grabbing. They're the ones where the heavy, bald guy is sitting in his easy chair talking in a squeaky female voice about all the clothes he bought – including a bustier. Or the little old lady speaking with the gruff voice of a younger man about the sweet motorcycle she now owns.

While we might find these commercials funny, the real victims of identity theft find them disturbing and even painful. The media uses these types of ads to alert us to the crime of identity theft and how everyday people can be affected. You don't have to have a lot of money to be taken advantage of. All you need is a social security number – which, of course, we all have.

The criminals who perpetrate the crime of identity theft are sly and cunning. Before you can even know it, you're credit is ruined and you must "jump through hoops" just to get it repaired a small bit.

Identity theft is a serious crime – one that is occurring with an alarming frequency. The statistics are mind-boggling.

- 1 in 4 US households have been victimized
- 10 million people last year affected
- Loss to businesses tops \$47.6 billion
- Loss to victims about \$5 billion
- Each victim spends about 30 hours trying to recover their name.

The problem of identity theft has become the number one fear of consumers in the world today and, unfortunately, it's becoming more and more common.

Consider the following cases of identity theft and how it can be used to perpetrate crime:

- Several people obtained names and Social Security numbers of several hundred high-ranking active-duty and retired U.S. military officers from a public Internet Website. They used the officers' names and numbers to apply for credit cards and bank and corporate credit in the officers' names.
- A man stole the identities of more than 100 people by working with a woman who had worked in the payroll department of a cellular telephone company. In that position, the woman had access to confidential employee information such as Social Security numbers and home addresses. Using the employees' names and Social Security numbers, the man was able to access their stock trading accounts at an online brokerage and transfer money to another account that he had set up. One victim had more than \$287,000 taken from his brokerage account without his knowledge.
- When various people who picked up their mail at a U.S. post office threw away merchandise catalogs, which contained identifying information such as their names and account numbers, a woman went through the trash, removed the catalogs and used the identifying information to order merchandise in other people's names.
- A man stole private bank account information about an insurance company's policyholders. He used that information to deposit approximately 4,300 counterfeit bank drafts, totaling more than \$764,000, and to withdraw funds from the accounts of the policyholders.

It can happen without you even knowing it and can ruin lives. It can take a con just a few minutes to ruin a good name you've worked to build.

With the internet, identity theft is going global. The scary part is these criminals are getting better and better. You can become a victim and not even know it was YOU who started the cycle. It can start with a simple e-mail.

The phenomenon has sprung even more non-legitimate scams preying on the fears of having one's identity stolen. People are cashing in on the hysteria and costing consumers even more money.

The victims believe, from experience, that it is the only crime where the suspect is presumed innocent before proven guilty and the victim is "guilty" until proven "innocent."

In this book, we'll take an in-depth look at identity theft. We'll explore how your personal information can get stolen as well as ways to protect yourself. This book will tell you the steps you need to take to recover your credit and stop the thieves who stole what you yourself worked to build. We will also have a special section on preventing identity theft through the internet. It's a very real risk you take, but there are ways to keep yourself safe.

Don't let fear of the criminals keep you in a state of suspension. Learn to keep your information safe with our guide to "Understanding, Protecting, and Recovering Yourself from Identity Theft."

WHAT IS IDENTITY THEFT

It's more than a simple impersonation of someone. You've heard of people impersonating a police officer or the girl who claimed to be Jessica Simpson's personal assistant and securing thousands of dollars of items she used for herself. Identity theft is a crime that occurs – usually without attaching a face to a name – until the criminal is caught.

Identity theft occurs when your personal information is stolen and used without your knowledge to commit fraud or other crimes. A con artist appropriates another's name, address, Social Security number or other identifying information and uses that information to open new credit card accounts, take over existing accounts, obtain loans in the victim's name or steal funds from the victim's checking, savings or investment accounts.

"Identity theft" is technically defined as the use, transfer or theft of personal identifying information for the purpose of committing a crime.

Federal law prevents identity theft victims from being held liable for bills incurred by imposters. Consumers, however, can spend months, and even years, in repairing the damage to their good credit. Businesses are affected greatly as well by this crime. They have given out goods and services with illegally obtained credit cards. With credit protection, as long as the victim can prove they didn't make the purchases, these businesses must write off the bill without recovering the merchandise.

A similar crime is identity fraud. A variety of abuses of the bankruptcy system, including the concealment of assets in bankruptcy, the making of false sworn financial statements in bankruptcy proceedings and the filing of bankruptcies under false social security numbers are often dubbed "identity fraud" by prosecutors and government regulators.

Cons attempt to obtain the benefits of bankruptcy such as relief from debt collection, while attempting to escape negative credit consequences.

In one case, they leased a residence and obtained credit with the name and social security number of an unsuspecting victim. Then they occupied the residence, ran up the credit cards and then filed for bankruptcy in the victim's name. One bankruptcy petition was filed in the name of a recently deceased father.

Such fraudulent bankruptcy filings often wreak havoc on innocent people who must spend substantial resources to clear their credits and their names. The rampant theft and abuse of other people's credit histories and social security numbers has become one of the biggest problems of consumer bankruptcy fraud.

Both crimes have become rampant affecting millions and millions of people in the United States alone. You may think you're protected, but you may be surprised exactly how these criminals get your personal information.

HOW DO THEY GET YOUR INFORMATION

A lost or stolen wallet is just one way for a thief to get your information. They can fraudulently access your credit report by posing as an employer, loan officer or landlord. Internet records that are unprotected is another source.

Some will go dumpster diving looking for bills or other papers with your personal information on it. Many people receive daily offers for credit cards. If you're not interested, you just throw it away. Thieves love finding these! The problem of criminals rummaging through bins for such documents is well known and there have been reports of organized gangs paying people to pick through landfill sites for such documents.

A change of address form can be used to divert billing statements to another location. This will give them access to your credit card numbers.

Shoulder surfing is done at the ATM machine and phone booths. This means the criminal will stand behind you as you enter in your PIN number or phone information.

Police have already arrested several individuals copying cards using the cash machines themselves. A small electronic camera is mounted above the keypad of the cash machine and a card reader, often only a few centimeters thick, goes over the card slot.

At a busy machine hundreds of card numbers can be collected in a few hours and turned into cloned cards. The wide availability of small card scanners has also made card skimming a problem. In a matter of seconds, your card's magnetic strip can be copied and a crooked employee of a restaurant or retail outlet can copy many cards in a day.

By far the biggest problem with identity theft is 'social engineering': this means someone