

Combating Identity Theft

Protecting Americans' Personal Privacy





Dear Friends:

Each day thousands of unsuspecting Americans become victims of identity theft. Identity theft occurs when one person uses another's Social Security number, birth-date, driver's license number, or other identifying information to obtain credit cards, car loans, phone plans or other services in the victim's name. The thief literally assumes the victim's identity.

Identity thieves can access personal information in a number of ways – stealing wallets and purses containing identification cards, using personal information found on the Internet, stealing mail (including pre-approved credit card offers and financial statements), fraudulently obtaining credit reports or obtaining personnel records at work.

This criminal practice is growing larger everyday and is costing billions of dollars for businesses and individuals victimized by these offenders. Identity thieves have also been known to use the information to track down and stalk their victims, or even worse, sexually assault and kill them.

The good news is that two laws that I helped develop to combat and deter identity theft have been passed by Congress and signed by the President. However, there is still more that needs to be done to protect citizens from the dangers of identity theft. The first step is to give individuals more control over their most sensitive personal information such as Social Security numbers, health information and financial information. Moreover, businesses, like credit card companies, hospitals or banks, that handle our personal information every day, need to take appropriate precautions to protect the information from identity thieves.

The following booklet contains more information about identity theft, how to prevent it, what you can do to protect yourself, and what to do if you suspect you are a victim.

Sincerely,

A handwritten signature in purple ink that reads "Dianne Feinstein". The signature is fluid and cursive, with a large initial "D".

Dianne Feinstein
U.S. Senator

Identity Theft Is Growing

Identity theft is a vast and growing crime. It is the number one complaint reported to the Federal Trade Commission. There are close to 10 million victims a year and approximately one million of them are from California.

Half of all known identity thieves are family members, friends and neighbors of the victims. But cutting edge technology and the Internet—with expanding public access to personal information—have contributed increasingly to identity theft cases. Several incidents involving information scammed or stolen from large databases have highlighted the need for additional consumer protections.

Identity Theft Is Expensive

- Identity theft costs more than \$50 billion annually in the United States.
- It is estimated that the average victim must spend approximately \$500 and 30 hours trying to restore their good name, and sometimes their good credit rating.
- In extreme cases, it can take thousands of dollars and years to clean up the mess.

Examples of Security Breaches

- ChoicePoint sold the records of more than 145,000 individuals to identity thieves. The breach came to light because many of the victims lived in California, which requires companies to notify consumers if the security of their personal information may have been violated.
- Bank of America lost backup computer tapes containing the personal information of more than 1.2 million of its customers.
- LexisNexis discovered that thieves may have accessed more than 310,000 records containing names, addresses, Social Security numbers and driver's license numbers using stolen passwords.

Examples of Identity Theft

- Mari Frank was victimized in 1996 by a woman who ordered her credit report on-line. The woman proceeded to purchase a new Ford Mustang and accrue as much as \$50,000 in expenses in Ms. Frank's name.



Mari Frank speaks about her experience as an identity theft victim at a Congressional hearing.

- Michelle Brown, whose story in part inspired Senator Feinstein to address identity theft, had her identity stolen by a receptionist who accepted her rental application form. The woman purchased hundreds of thousands of dollars of merchandise and obtained a driver's license in Ms. Brown's name. This woman even used Ms. Brown's identity when she was arrested by police for a separate crime. A movie was made about this story.
- A 20-year-old dental assistant from Maine was killed in 1999 by a stalker who bought her Social Security number off the Internet, and then used it to locate her work address.
- A young woman from Los Angeles had her Social Security number stolen, which was then used to charge \$50,000, including a \$32,000 truck, a \$5,000 liposuction operation, and a year-long residential lease. While assuming the victim's name, the perpetrator also became the object of an arrest warrant for drug smuggling in Texas.

Combating Identity Theft and Protecting Individuals' Personal Information

In the effort to protect Americans' personal information, Senator Feinstein seeks to create an appropriate balance between protecting personal information from identity thieves and others who would misuse it, while allowing legitimate business and government practices to go forward.

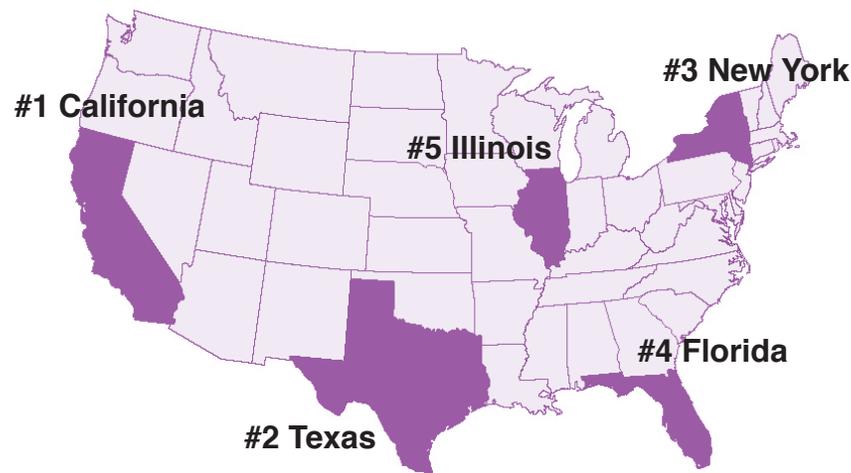
Senator Feinstein has focused her efforts to combat the growing crime of identity theft on:

- Giving identity theft victims the ability to restore their good names;
- Prohibiting the sale and display of Social Security numbers to the public; and
- Setting a national standard for how individuals' information is protected.

Two pieces of legislation that Senator Feinstein helped to develop have already been signed into law.

The Fair and Accurate Credit Transactions Act now makes it harder for identity thieves to get access to your credit card numbers or take over your credit card account. The law penalizes credit card companies that ignore a victim's report of fraud and continue to issue credit to the thief. It also requires the truncation of any credit card number printed on a store receipt.

The Identity Theft Penalty Enhancement Act strengthened the criminal penalties for those who use identity theft as a means to carry out other serious crimes, including terrorism, firearms offenses and immigration violations. It also makes it easier for prosecutors to prove identity theft.



In 2003, there were more cases of identity theft in California than in any other state.

Senator Feinstein is now working to protect Americans' personal information with the following pieces of legislation.

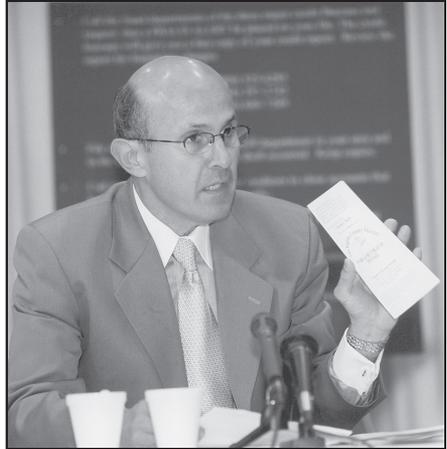
The Privacy Act is a comprehensive bill that would set a national standard for protecting personal information such as Social Security numbers, driver's licenses, and medical and financial data, including information collected both on-line and off-line. Modeled on California's financial privacy law, it requires companies to let consumers "opt in" before their most sensitive information, such as their Social Security number or driver's license number, is shared, and allows them to "opt out" of sharing less sensitive information, such as their name and address.

The Social Security Number Misuse Prevention Act would regulate the use of Social Security numbers by government agencies and private companies by prohibiting the sale or display of Social Security numbers to the general public; remove Social Security numbers from government checks and driver's licenses; and require Social Security numbers to be taken off of public records published on the Internet.

The Notification of Risk to Personal Data Act, which is modeled on California's database security law, would require a business or government entity to notify an individual when it appears that their personal data may have been compromised; levy fines by the FTC of up to \$50,000 per day while the violation persists; and preempt conflicting state laws. Such notification would allow individuals to take steps against fraud, such as reviewing their credit reports, putting fraud alerts on their credit reports and bank accounts, and carefully reviewing bank statements for suspicious activity.

Ways to Protect Yourself

- Do not provide personal information over the phone, through the mail, or over the Internet unless you've initiated the contact or are sure you know with whom you are dealing.
- Do not carry your Social Security card; leave it in a safe place. Additionally, give your Social Security number only when absolutely necessary, and ask to use other identifiers when possible.



Los Angeles County Sheriff Lee Baca discusses the need for identity theft legislation and ways that Americans can protect themselves.

- Keep your mail and personal information private, especially if you have roommates, employ outside help or are having service work done in your home.
- Guard your mail from theft by depositing outgoing mail in post office collection boxes or at the post office rather than in an unsecured mailbox, and by promptly removing mail from your mailbox.
- Shred or tear up documents with personal information before discarding them.
- Pay attention to your bank statements and monthly bills.
- Check your credit report yearly. Consumers in California can get one free copy of their credit report from each of the three national credit reporting companies each year. This service will be available to all Americans after September 1, 2005.

If You Are a Victim

- Contact the fraud departments of any one of the three major credit bureaus — Equifax, Experian and TransUnion — to place a fraud alert on your credit file.
- File a police report. Get a copy of the report to submit to your creditors and others that may require proof of the crime.
- Close the accounts that you know or believe have been tampered with or opened fraudulently.
- File your complaint with the FTC.
- Change your PIN numbers and passwords.

How Victims' Information is Misused by Identity Thieves*

• Credit Card Fraud	28%
• Phone or Utilities Fraud	19%
• Bank Fraud	18%
• Employment-Related Fraud	13%
• Government Docs/Benefits Fraud	8%
• Loan Fraud	5%
• Other Identity Theft Fraud	22%

Approximately 19% of all victims experienced more than one type of identity theft.

* Information is based on identity theft cases reported to the FTC in 2004.

For More Information:

If you are interested in receiving further information about this important issue, please log on to Senator Feinstein's website (<http://feinstein.senate.gov>) and register to receive e-mail updates, or contact:

Annual Credit Report Request Service

P.O. Box 105281
Atlanta, GA 30348-5281
(877) 322-8228
www.annualcreditreport.com

Federal Trade Commission

(877) ID-THEFT or (877) 438-4338
www.consumer.gov/idtheft/

Social Security Administration

(800) 772-1213
www.ssa.gov/pubs/idtheft.htm



U.S. Senator Dianne Feinstein
331 Hart Senate Office Building
Washington, DC 20510
(202) 224-3841
<http://feinstein.senate.gov>