

Banking Career Feature



Identity Theft

[By Shaileja Mammen]

Identity theft is the act of using someone's personal identification information (such as his or her Social Security number, name, birth date, address, or credit card number) to commit fraud.

Every year, many people are victimized by identity theft. This problem is of such magnitude and concern that legislation has been introduced to tackle it. The Identity Theft and Assumption Deterrence Act of 1998 widened the definition of a federal crime to include actions taken by anyone who "knowingly transfers or uses, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or local law."

The facts of the following case may help you to better understand what exactly identity theft is.

Andrea Andrews, who worked as a doctor's receptionist, applied for credit using the Social Security number of Adelaide Andrews, who was the doctor's patient. Andrea Andrews applied for credit with First Consumers National Bank in July 1994, Express Department Stores in October 1994, and Commercial Credit in January 1995. On the first occasion, she used the Social Security number and birth date of Adelaide Andrews, and on the second and third applications, she used only the Social Security number.

This is a perfect example of identity theft according to its definition under the Identity Theft and Assumption Deterrence Act of 1998.

TRW (now known as Experian), assuming that Adelaide Andrews completed the credit applications, responded to all three companies by providing the credit information in Adelaide's file. TRW also added information about the three inquiries to her file. But Adelaide was lucky; none of the three companies granted credit, and the actions of the imposter, Andrea Andrews, did not damage Adelaide's financial situation.

Andrea Andrews finally sought cable service from Prime Cable of Las Vegas using Adelaide Andrews' Social Security number. The application required a TRW report. Due to the frequent credit inquiries, Adelaide's account became delinquent.

On May 31, 1995, Adelaide Andrews applied to refinance the mortgage on her home. Chase Credit Research provided her credit report to the bank. Chase Credit Research used information from TRW and other credit-reporting agencies to prepare its report.

As a result, Adelaide Andrews became aware of the fraud and theft of her identity. She asked TRW to remove all of the effects of the imposter's fraudulent acts.

Some cases cause greater damage. For instance, a woman in the Central District of California accessed thousands of dollars in credit using a stolen Social Security number and then filed for bankruptcy in the name of the victim.

Bank accounts are often opened using stolen identities and used by identity thieves to withdraw money belonging to victims. After an account is opened using a stolen identity, U.S. Treasury or insurance checks are stolen from the victim's mailbox and deposited in the account. Later, the money belonging to the victim is withdrawn from the account.

You can prevent identity theft if you are careful.

How you handle personal identifying information is key to preventing identity theft. Keep important papers and documents in a safe place. Do not give information related to your identity to anyone you do not trust. Beware of scammers who offer huge prizes in exchange for personal information.

The loss of a wallet can lead to the loss of personal information like credit card numbers, checks, and driver's license details. The loss of mobile phones or PDAs used to store personal information may lead to the misuse of this information by criminals.

It is advisable to check your credit report regularly to detect any fraud or identity theft. This will also help you to take timely action to prevent financial loss.

Such loss may occur even if the utmost care is taken.



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Whenever identity theft or fraud is detected, it should be immediately reported to the Federal Trade Commission (FTC). Immediate action will minimize the financial damage and maintain your reputation.

The FTC receives and processes complaints reporting fraud and identity theft. It also

provides the necessary information to guide such complainants. The FTC refers complaints to the appropriate entities, such as law enforcement agencies and credit-reporting agencies.

You should also ensure that any credit-monitoring agency that has received

fraudulent information makes amendments to nullify the effects of such information on your credit report.