

Chapter 3

DETECTING, REPORTING, AND RECOVERING FROM IDENTITY THEFT

Have you become a victim of identity theft? You might be and still don't know it. What if you learn that there is another "you" out there living on your name? How do you detect it? Who do you tell or report it to? Once it has happened, and you have made the appropriate reports, how do you recover from such an invasion of your life? Let's talk first about how you can detect whether you have been or are being victimized by the illegal use of your identity.

Detecting Your Misappropriated Identity

Generally the way you find out that your personal information is being misused is through some horrible shock—like a credit card bill for \$16,606 on a credit card you never had, or a policeman coming to arrest you for a crime you never committed! These are dead giveaways that you have been had. Of course, you have the option of keeping a close eye on your personal business to catch that phony credit card before the bill gets so out of hand.

Regularly Check Your Credit Report

Request a copy of your credit report at least once a year to be sure there are no fraudulent accounts showing up. For a period of time after the victimization you are entitled to get your credit reports at no cost to clean up the credit mess and monitor new inquiries. That varies depending on state laws and credit reporting agency policies. After that time, be sure to continue to monitor your reports at least every six months.

Identity theft is a repetitive crime. People who commit this crime are likely to do it again. Therefore, some people prefer to subscribe to a credit monitoring service and there are several currently available in the United States. Many victims choose to monitor their own credit reports. Costs for 10 years could be estimated like this: three reports every six months or six reports per year, times 10 years. That equals 60 reports multiplied by the cost per report.

Run a Background Check on Yourself

If you've been the victim of identity theft, it might be worth the cost to hire a professional investigator or agency to run a thorough check to see whether the crimes committed by the thief go beyond consumer fraud. The worst case scenario is an identity thief who commits a felony in your name and adds a criminal record to your nightmare.

Reporting ID Theft

Sometimes an identity thief can strike even if you've been very careful about keeping your personal information to yourself. If you suspect that your personal information has been hijacked and misappropriated to commit fraud or theft, take action immediately and keep a record of your conversations and correspondence. You might want to use the form shown in Figure 3.1. [1] Exactly which steps you should take to protect yourself depends on your circumstances and how your identity has been misused.

Reporting ID Theft

Credit Bureaus—Report Fraud

Bureau	Date Contacted	Contact Person	Comments
Equifax 1-800-525-6285			
Experian 1-888-397-3742			
Trans Union 1-800-680-7289			

Banks, Credit Card Issuers, and Other Creditors

(Contact each creditor promptly to protect your legal rights.)

Creditor	Address/Phone Number	Date Contacted	Contact Person	Comments

Law Enforcement Authorities—Report Identity Theft

Agency/Dept.	Phone Number	Date Contacted	Contact Person	Report #	Comments
Federal Trade Commission	1-877-IDTHEFT				
Local Police Department					

Figure 3.1 Use this form to record the steps you've taken to report the fraudulent use of your identity. Keep this list in a safe place for reference.

The Victim

If you become a victim of identity theft, it is important to act immediately to stop the thief's further use of your identity. Unfortunately, victims themselves are burdened with resolving the problem. It is important to act quickly and assertively to minimize the damage. In dealing with authorities and financial institutions, keep a log of all conversations, dates, names, and telephone numbers. Note the time spent and any expenses incurred. Confirm conversations in writing. Provide your police report number to expedite reporting the crime.

Send correspondence by certified mail (with a return receipt requested). Keep copies of all letters and documents. Sometimes identity theft victims are wrongfully accused of crimes committed by an imposter. If a civil judgment has been entered in your name for actions taken by an imposter, contact the court where the judgment was entered and report that you are a victim of identity theft. If you are wrongfully prosecuted of criminal charges, contact the state Department of Justice and the FBI and ask how to clear your name.

Therefore, with the preceding in mind, if you become an identity fraud victim, you should take the following three steps immediately, in addition to completing all of the tasks in Table 3.1:

1. Call the fraud departments of the three major credit bureaus to get copies of your credit report and to have fraud flags and statements added to your report indicating that all potential creditors should contact you to verify credit applications.
2. Contact all banks and other institutions where your name has been used fraudulently, sending a copy of a police report or other documentation to show that you are a fraud victim.
3. Report the identity theft to local law enforcement authorities, including the police, postal inspectors, and the Secret Service.

Your First Three Steps

First, contact the fraud departments of each of the three major credit bureaus. Tell them that you're an identity theft victim and request that a fraud alert be placed in your file, as well as a victim's statement asking that creditors call you before opening any new accounts or changing your existing accounts. This can help prevent an identity thief from opening additional accounts in your name.

At the same time, order copies of your credit reports from the credit bureaus. Credit bureaus must give you a free copy of your report if your

report is inaccurate because of fraud and you request it in writing. Review your reports carefully to make sure no additional fraudulent accounts have been opened in your name or unauthorized changes made to your existing accounts. Also, check the section of your report that lists inquiries. Where inquiries appear from the companies that opened the fraudulent accounts, request that these inquiries be removed from your report. In a few months, order new copies of your reports to verify your corrections and changes and to make sure no new fraudulent activity has occurred.

Second, contact the creditors for any accounts that have been tampered with or opened fraudulently. Creditors can include credit card companies, phone companies and other utilities, and banks and other lenders. Ask to speak with someone in the security or fraud department at each creditor, and follow up with a letter. It's particularly important to notify credit card companies in writing because that's the consumer protection procedure the law spells out for resolving errors on credit card billing statements. Immediately close accounts that have been tampered with and open new ones with new PINs and passwords. Here again, avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number or your phone number, or a series of consecutive numbers.

Third, file a report with your local police or the police in the community where the identity theft took place. Get a copy of the police report in case the bank, credit card company, or others need proof of the crime. Even if the police can't catch the identity thief in your case, having a copy of the police report can help you when dealing with creditors.

Table 3.1. ID Theft Victim Checklist

What To Do If Your Identity Has Been Stolen
ID Theft Victims Checklist

Date: _____

If you are a victim of ID theft there are a number of other steps you can take. In other words, if you discover that an identity thief is off and running at your expense, you must act immediately. Here are some tips to follow if you should become a victim of identity theft. You should ensure that you have completed the following (check all tasks completed):

- Cancel all fraudulent credit cards.
- Contact any accounts that have been tampered with, close or block those accounts, and file a report in writing with their fraud department (frequently, the quicker you contact them, the less you will be liable for).
- Immediately notify your bank and every bank that issued a credit card to you.

Table 3.1. ID Theft Victim Checklist (Continued)

- Call the companies and make it clear that the cards were issued without your consent and that you did not make any purchases with them. Most credit card companies have procedures to erase the debt of credit card fraud victims.
- Keep meticulous dated records of your attempts to clean your record—letters, phone calls, and what was said. You’ll need them. If multiple thefts were made, keep records in separate files for quick reference.
- At the first sight of fraud, begin a log of dates and time spent solving this problem; take notes of every phone conversation and keep copies of all documents you send out and receive.
- Make sure you get the names, titles, and phone numbers of everyone you talk to.
- Contact the fraud departments of the credit bureaus and ask that a fraud alert be placed in your file. This should (although it doesn’t always) alert credit grantors to check a new application. Your letter should contain your address, Social Security number, and spouse’s first name. Ask to include a statement about the fraud, in which you tell creditors to call you to verify all future applications.
- Ask that you be contacted before any new accounts are authorized.
- Request a copy of your credit report and tell the credit bureaus to remove the fraudulent information. The three major credit reporting companies are Equifax (www.equifax.com), Experian (www.experian.com) and Trans Union (www.tuc.com).
- Call And Write All Creditors On Your Credit Report.
- Alert all credit card companies and stores about your ordeal.
- Demand that the inaccurate information be immediately erased.
- Get replacement cards and new account numbers for all accounts—even those that have not been stolen.
- Report the fraud to your local law enforcement precinct.
- Notify your local police department and request a copy of the police report after you filled it out.
- Depending upon your circumstances, you may also want to contact the U.S. Postal Inspection Service and the U.S. Secret Service. Their telephone number can be found on the front page of your local phone book and/or in the white pages.
- Contact your local police and retain a copy of the crime report. It will be useful in dealing with creditors in the future. Many states have passed laws related to identity theft.
- Contact your local federal law enforcement agency for investigations under the ID Theft and Assumption Deterrence Act. Your local field office of the FBI can be found

Reporting ID Theft

Table 3.1. ID Theft Victim Checklist (Continued)

- in the phone book or on the FBI Web site (www.fbi.gov). Your identity theft could likely have violated several other federal laws as well, such as Mail Fraud or Social Security Fraud.
- Contact the credit bureaus that hold your credit report. Ask them to log the theft and remove the bad accounts from your report, giving as much proof as possible. You may meet difficulties, but by law the bureau must correct any wrong information.
 - Get a copy of the fraudulent contract or application. This is the key document that proves the person who signed it isn't you. Finding the company that issued it and the right person to talk to is not always easy. Try to get past the gatekeepers to someone in charge.
 - Never agree to pay any portion of the debt just to get debt collectors off your back. The balance will stay on your record [3].
 - Contact the FTC's ID Theft Hotline: 1-877-IDTheft (1-877-438-4338).
 - What you do next will depend on the type of identity theft you experienced. If your address was changed, you need to contact the post office.
 - If the crime involved investments, you should contact the Security Exchange Commission.
 - If you've been a victim of identity theft, file a complaint with the FTC by contacting the FTC's Identity Theft Hotline by telephone: toll-free 1-877-IDTHEFT (438-4338); TDD: 202-326-2502; by mail: Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580; or online: www.consumer.gov/idtheft. The FTC has an ID Theft Form entitled "Chart your Course of Action" that you can use to make sure you take all appropriate steps (see Figure 3-1). If the crime has resulted in credit problems, you may need to explore your rights under the Fair Credit Reporting Act. The Truth in Lending Act limits your liability for unauthorized credit card charges to \$50 per card in most cases (many companies now offer zero liability, marketing their cards as safe to use on the internet). The FTC collects complaints about identity theft from consumers who have been victimized. Although the FTC does not have the authority to bring criminal cases, the Commission can help victims of identity theft by providing information to assist them in resolving the financial and other problems that can result from this crime. The FTC also refers victim complaints to other appropriate government agencies and private organizations for further action.
 - Contact the ID Theft Clearinghouse The clearinghouse was established by the Federal Trade Commission at the direction of Congress. This clearinghouse is for identity-theft complaints and assistance. But even with the new clearinghouse, the burden

Table 3.1. ID Theft Victim Checklist (Continued)

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- remains on victims to straighten out the credit mess the impostor has made. The clearinghouse's Web site (www.consumer.gov/idtheft) and the counselors who staff the FTC's toll-free hotline (877-438-4338) will provide advice on what steps to take, such as getting fraud alerts placed on credit reports. A lot of people don't have a clue.
- Other agencies and organizations also are working to combat identity theft. If specific institutions and companies are not being responsive to your questions and complaints, you also may want to contact the government agencies with jurisdiction over those companies.
 - Trust Your Instincts. If something seems wrong, it probably is. Guard your wallet and purse when in crowded areas.
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Recovering From Identity Theft

Resolving credit problems resulting from identity theft can be time-consuming and frustrating. The good news is that there are federal laws that establish procedures for correcting credit report errors and billing errors and for stopping debt collectors from contacting you about debts you don't owe.

In other words, your credit report contains information on where you work and live, the credit accounts that have been opened in your name, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Checking your report on a regular basis can help you catch mistakes and fraud before they wreak havoc on your personal finances. See Chapter 2, "Minimizing Your Risk of Identity Theft," for detailed information on this topic.

Your Next Steps

Although there's no question that identity thieves can wreak havoc on your personal finances, there are some things you can do to take control of the situation.

Credit Reports

The Fair Credit Reporting Act (FCRA) establishes procedures for correcting mistakes on your credit record and requires that your record be made available only for certain legitimate business needs. Under the FCRA, both the credit bureau and the organization that provided the information to the credit

Recovering From Identity Theft

bureau (the information provider), such as a bank or credit card company, are responsible for correcting inaccurate or incomplete information in your report. To protect your rights under the law, contact both the credit bureau and the information provider.

First, call the credit bureau and follow up in writing. Tell them what information you believe is inaccurate. Include copies (not originals) of documents that support your position. In addition to providing your complete name and address, your letter should clearly identify each item in your report that you dispute, give the facts, and explain why you dispute the information, and request deletion or correction. You might want to enclose a copy of your report with circles around the items in question. Your letter might look something like the sample in Figure 3.2. [1] Send your letter by certified mail, and

Date
Your Name
Your Address
Your City, State, Zip Code

Complaint Department
Name of Credit Bureau
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are circled on the attached copy of the report I received. (Identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.)

This item is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely, Your Name

Enclosures: (List what you are enclosing.)

Figure 3.2 Credit bureau sample dispute letter.

request a return receipt so you can document what the credit bureau received and when. Keep copies of your dispute letter and enclosures.

Credit bureaus must investigate the items in question, usually within 30 days, unless they consider your dispute frivolous. They also must forward all relevant data you provide about the dispute to the information provider. After the information provider receives notice of a dispute from the credit bureau, it must investigate, review all relevant information provided by the credit bureau, and report the results to the credit bureau. If the information provider finds the disputed information to be inaccurate, it must notify any nationwide credit bureau that it reports to so that the credit bureaus can correct this information in your file.



Tip

Disputed information that cannot be verified must be deleted from your file. If your report contains erroneous information, the credit bureau must correct it. If an item is incomplete, the credit bureau must complete it. For example, if your file shows that you have been late making payments, but fails to show that you are no longer delinquent, the credit bureau must show that you're current. If your file shows an account that belongs to someone else, the credit bureau must delete it.

When the investigation is complete, the credit bureau must give you the written results and a free copy of your report if the dispute results in a change. If an item is changed or removed, the credit bureau cannot put the disputed information back in your file unless the information provider verifies its accuracy and completeness, and the credit bureau gives you a written notice that includes the name, address, and phone number of the information provider.

If you request it, the credit bureau must send notices of corrections to anyone who received your report in the past six months. Job applicants can have a corrected copy of their report sent to anyone who received a copy during the past two years for employment purposes. If an investigation does not resolve your dispute, ask the credit bureau to include your statement of the dispute in your file and in future reports.

Second, in addition to writing to the credit bureau, tell the creditor or other information provider in writing that you dispute an item. Again, include copies (not originals) of documents that support your position. Many information providers specify an address for disputes. If the information provider then reports the item to any credit bureau, it must include a notice of your dispute. In addition, if you are correct—that is, if the disputed information is not accurate—the information provider cannot use it again.

Credit Cards

As previously explained, the Truth in Lending Act limits your liability for unauthorized credit card charges in most cases to \$50 per card. The Fair Credit Billing Act establishes procedures for resolving billing errors on your credit card accounts.

The Act's settlement procedures apply to disputes about billing errors, which includes fraudulent charges on your accounts. To take advantage of the law's consumer protections, you must write to the creditor at the address given for billing inquiries, not the address for sending your payments. Include your name, address, account number, and a description of the billing error, including the amount and date of the error. Your letter might look something like the sample shown in Figure 3.3. [1]

Date

Your Name
Your Address
Your City, State, Zip Code
Your Account Number

Name of Creditor
Billing Inquiries
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute a billing error in the amount of \$_____ on my account. The amount is inaccurate because (describe the problem). I am requesting that the error be corrected, that any finance and other charges related to the disputed amount be credited as well, and that I receive an accurate statement.

Enclosed are copies of (use this sentence to describe any enclosed information, such as sales slips, payment records) supporting my position. Please investigate this matter and correct the billing error as soon as possible.

Sincerely,

Your name
Enclosures: (List what you are enclosing.)

Figure 3.3 Credit card issuers sample dispute letter.

You should also send your letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed to you. If the address on your account was changed by an identity thief and you never received the bill, your dispute letter still must reach the creditor within 60 days of when the creditor would have mailed the bill. This is why it's so important to keep track of your billing statements and immediately follow up when bills don't arrive on time.

Send your letter by certified mail and request a return receipt. This will be your proof of the date the creditor received the letter. Include copies (not originals) of sales slips or other documents that support your position and keep a copy of your dispute letter.

The creditor must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has been resolved. The creditor must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.

Debt Collectors

The Fair Debt Collection Practices Act prohibits debt collectors from using unfair or deceptive practices to collect overdue bills that a creditor has forwarded for collection. You can stop a debt collector from contacting you by writing a letter to the collection agency telling them to stop. Once the debt collector receives your letter, the company cannot contact you again, with two exceptions: They can tell you there will be no further contact and they can tell you that the debt collector or the creditor intends to take some specific action.

A collector also may not contact you if, within 30 days after you receive the written notice, you send the collection agency a letter stating you do not owe the money. Although such a letter should stop the debt collector's calls, it will not necessarily get rid of the debt itself, which might still turn up on your credit report. In addition, a collector can renew collection activities if you are sent proof of the debt. Therefore, along with your letter stating you don't owe the money, include copies of documents that support your position. If you're a victim of identity theft, including a copy (not original) of the police report you filed might be particularly useful.

ATM Cards, Debit Cards, and Electronic Fund Transfers

The Electronic Fund Transfer Act provides consumer protections for transactions involving an ATM or debit card or other electronic means of debiting or crediting an account. It also limits your liability for unauthorized electronic fund transfers.

It's important to report lost or stolen ATM and debit cards immediately because the amount you can be held responsible for depends on how quickly you report the loss. For example:

- If you report your ATM card lost or stolen within two business days of discovering the loss or theft, your losses are limited to \$50.
- If you report your ATM card lost or stolen after the two business days, but within 60 days after a statement showing an unauthorized electronic fund transfer, you can be liable for up to \$500 of what a thief withdraws.
- If you wait more than 60 days, you could lose all the money that was taken from your account after the end of the 60 days and before you report your card missing. [1]

The best way to protect yourself in the event of an error or fraudulent transaction is to call the financial institution and follow up in writing (by certified letter, with a return receipt requested) so you can prove when the institution received your letter. Keep a copy of the letter you send for your records.

After notification about an error on your statement, the institution generally has 10 business days to investigate. The financial institution must tell you the results of its investigation within three business days after completing it and must correct an error within one business day after determining that the error has occurred. If the institution needs more time, it can take up to 45 days to complete the investigation—but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error has been found, the institution can take the money back if it sends you a written explanation.



Tip

As previously mentioned, Visa and MasterCard voluntarily have agreed to limit consumers' liability for unauthorized use of their debit cards in most instances to \$50 per card, no matter how much time has elapsed since the discovery of the loss or theft of the card.

Stolen Mail

If an identity thief has stolen your mail to get new credit cards, bank and credit card statements, prescreened credit offers, or tax information, or if an identity thief has falsified change of address forms, that's a crime. Report it to your local postal inspector. Contact your local post office for the phone number for the nearest postal inspection service office or check the U.S. Postal Service Web site at www.usps.gov/websites/depart/inspect.



Caution

Web addresses are subject to change without notice!

Change of Address on Credit Card Accounts

If you discover that an identity thief has changed the billing address on an existing credit card account, close the account immediately. When you open a new account, ask that a password be used before any inquiries or changes can be made on the account. Avoid using easily available information like your mother's maiden name, your birth date, the last four digits of your Social Security number, or your phone number, or a series of consecutive numbers. Avoid using the same information and numbers when you create a PIN.

Bank Accounts

If you have reason to believe that an identity thief has tampered with your bank accounts, checks, or ATM card, close the accounts immediately. When you open new accounts, insist on password-only access to minimize the chance that an identity thief can violate the accounts.



Tip

A special word is in order about lost or stolen checks. Although no federal law limits your losses if someone steals your checks and forges your signature, state laws protect you. Most states hold the bank responsible for losses from a forged check. At the same time, however, most states require you to take reasonable care of your account. For example, you might be held responsible for the forgery if you fail to notify the bank in a timely manner that a check was lost or stolen. Contact your state banking or consumer protection agency for more information.

In addition, if your checks have been stolen or misused, stop payment. Also contact the major check verification companies to request that they notify retailers using their databases not to accept these checks, or ask your bank to notify the check verification service with which it does business:

- *National Check Fraud Service:* 1-843-571-2143
- *SCAN:* 1-800-262-7771
- *TeleCheck:* 1-800-710-9898 or 927-0188 or 366-2425

- *CrossCheck*: 1-707-586-0551
- *Equifax-Telecredit (or Check Systems)*: 1-800-437-5120
- *International Check Services (or NPC)*: 1-800-526-5380.
- *Check Rite*: 1-800-766-2748
- *Chex Systems*: 1-800-328-5121



Caution

Phone numbers can change without notice!

If your ATM card has been lost, stolen or otherwise compromised, cancel the card. You should do this as soon as you can and get another with a new PIN.

Investments

If you believe that an identity thief has tampered with your securities investments or a brokerage account, immediately report it to your broker or account manager. You should also report it to the SEC.

Phone Service

If an identity thief has established new phone service in your name, is making unauthorized calls that seem to come from (and are billed to) your cellular phone, or is using your calling card and PIN, contact your service provider immediately to cancel the account or calling card. Open new accounts and choose new PINs.

If you are having trouble getting fraudulent phone charges removed from your account, contact your state Public Utility Commission for local service providers or the Federal Communications Commission for long-distance service providers and cellular providers at www.fcc.gov/ccb/enforce/complaints.html or 1-888-CALL-FCC.

Employment

If you believe someone is using your Social Security number to apply for a job or to work, that's a crime. Report it to the Social Security Administrations Fraud Hotline at 1-800-269-0271. Also call them at 1-800-772-1213 to verify the accuracy of the earnings reported on your Social Security number, and to request a copy of your Social Security statement. Follow up on your calls in writing.

Should You Apply for a New Social Security Number? Under certain circumstances, the Social Security Administration may issue you a new Social Security number (at your request) if, after trying to resolve the problems brought on by identity theft, you continue to experience problems. Consider this option carefully. A new number might not resolve your identity theft problems, and could actually create new problems. For example, a new Social Security number does not necessarily ensure a new credit record because credit bureaus might combine the credit records from your old Social Security number with those from your new one. Even when the old credit information is not associated with your new number, the absence of any credit history under your new Social Security number might make it more difficult for you to get credit. Finally, there's no guarantee that a new number wouldn't also be misused by an identity thief.

Driver's License

If you suspect that your name or Social Security number is being used by an identity thief to get a driver's license or a nondriver's ID card, contact your DMV. If your state uses your Social Security number as your driver's license number, ask to substitute another number.

Bankruptcy

If you believe someone has filed for bankruptcy using your name, write to the U.S. Trustee in the region where the bankruptcy was filed. A listing of the U.S. Trustee Program's regions can be found at www.usdoj.gov/ust, or look in the blue pages of your phone book under U.S. Government—Bankruptcy Administration.

Your letter should describe the situation and provide proof of your identity. The U.S. Trustee, if appropriate, will make a referral to criminal law enforcement authorities if you provide appropriate documentation to substantiate your claim. You also might want to file a complaint with the U.S. Attorney or the FBI in the city where the bankruptcy was filed.

Criminal Records and Arrests

In rare instances, an identity thief might create a criminal record under your name. For example, your imposter might give your name when being arrested. If this happens to you, you might need to hire an attorney to help resolve the problem. The procedures for clearing your name vary by jurisdiction.

When All Else Fails, Sue!

Finally, if the ID theft recovery procedures fail to resolve the problem, you should just sue! Call a lawyer. Credit issuers and reporting agencies are sometimes slow in responding to complaints from consumers. The threat of lawsuits can provide some incentive.

David Szwak barely had finished taking his bar exam back in 1997 when a law firm secretary presented him with a nightmare scenario. Creditors and bill collectors were mercilessly harassing her parents, trying to collect \$230,000 in bills run up by a credit identity thief.

A used-car salesman had stolen the couple's credit report by gaining computer access to the credit reporting agencies through his car dealership. The crook picked this couple because he had the same last name. He also collected the credit reports of other folks with the same name.

The thief then obtained a post office box and began filling out credit card applications. Among his purchases was a mobile home, delivered to a trailer park lot. In attempting to locate the thief, the creditors came across the secretary's parents instead.

No Remedy to Clear a Name

The couple brought Szwak a box full of documents, including letters they had sent to lawmakers, credit reporting agencies, and creditors. They were trying to get this remedied and it wasn't working.

Szwak began writing his own letters to creditors on behalf of the couple, but he also was ignored. So he filed suit against the creditors and credit reporting agencies, 16 in all, in Jonesboro, Arkansas, federal court.

A very short time later, once the credit reporting agencies had a full understanding of what they had been doing, they settled the case for an enormous amount of money. Incidentally, the thief also was convicted of mail fraud and sentenced to two years of house arrest with electronic surveillance.

Once the news media reported the case, other identity theft victims, including small business owners, scientists, military officers, and even a CIA agent, began to contact Szwak, and a career was launched. He has handled hundreds of identity theft cases, typically involving tens of thousands, and sometimes hundreds of thousands, of dollars.

Attorneys have been able to bring a number of these cases to court and get the victims' credit straightened out. These are people who pay their bills and people who work, who are the targets of other people who don't pay their bills.

System Works Most of the Time

The Washington, DC-based Associated Credit Bureaus, a trade association of the three large credit reporting companies, has procedures to help consumers purge their credit reports of fraudulent information. The credit reporting industry issues 800 million credit reports a year on about 210 million Americans who have credit records. The system works the vast majority of the time, and the American public is enamored with the use of credit and access to credit right now.

There are a lot of parts to this process. It is unfair to lay the blame solely with the credit agencies. What about law enforcement, the creditors, and consumers? We all have to be part of the solution. Most of us are no fans of credit bureaus or the credit industry. Easy credit and the lax checking procedures of stores and credit card companies that make identity theft a relatively easy crime to commit should be denounced. These people are absolutely rabid to give out credit. There are trillions of dollars in consumer debt out there and it is out of control.

The credit reporting agencies are even worse. If you ever try to work out an error with the credit bureau, they will tell you that regardless of what the law is, they will take the side of the subscriber (the provider of credit, such as a store or car dealer, who subscribes to their service) 100% of the time.

If You Can't Resolve a Problem

If the preceding happens to you, you need to keep impeccable written records, including letters and telephone logs, of your communications with credit bureaus and creditors in your effort to clear up your credit report. If you are unable to resolve the situation satisfactorily, or if you are unable or unwilling to keep detailed records, you should contact a lawyer.

File a suit if your credit is not cleaned up. That will usually get the attention of both the creditors and the credit agencies. If you have a good case, the result will be the correction of your credit report and a monetary settlement.

Identity theft today can be considered financial terrorism. The victims are nice people who are legitimately damaged. They want to straighten out the mess and get on with their lives.

Endnotes

- [1] Federal Trade Commission, 600 Pennsylvania Ave., NW, Washington, DC 20580, 2001.