

Rep. Kotik's
constituents

4/5/12

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My name is [REDACTED]. I'm a 43-year-old wife and mom of three living in Bridgeville, PA. I, along with more than a dozen of my neighbors, have been the victim of identity theft in the past 6 months. I wanted to tell my story today in an effort to deter this type of criminal activity and hopefully to make things easier for future victims.

My ID theft story began two days before Christmas on 12/23/11 when I received a voice mail at home from Home Depot Credit. I called them back and they said they had called to verify information on a line of credit I had applied for. I told them I hadn't applied for any line of credit, and they immediately told me that I should contact the credit bureaus and check my credit report because someone was attempting to open credit in my name. I then contacted one of the credit bureaus, Equifax, and they placed a fraud alert on my accounts and I also locked my credit reports. The Equifax representative gave me online access to my credit reports from all three bureaus. What I found on my credit reports horrified me: someone had fraudulently opened five new retail credit accounts under my name. In addition, someone had attempted to open three other retail credit accounts under my name, but these accounts were declined by the lenders for various reasons.

As I began calling the various retailers to explain my situation, I spent far more time navigating through automated phone trees and waiting on hold, than I did actually talking to retail customer service people. I quickly realized that the process of regaining my good credit would take weeks, perhaps months, and the upcoming Christmas holiday would be far from relaxing and joyful.

As if the new lines of credit weren't bad enough, over the next couple of days I realized that the thieves had also accessed two retail lines of credit that I had been using for years. They somehow got access to these two accounts and charged them to the maximums.

The total of all of the fraudulent charges in my name [both new and existing accounts] is \$7,851.64.

From the last week of December throughout the month of January, attempting to regain my good credit and assist law enforcement literally became my part-time job. Some weeks I spent 20 or more hours contacting retail creditors; completing retail fraud investigation packets; navigating the complexities of credit freezes with the credit bureaus; discussing my case with various law enforcement agencies locally and nationally; visiting banking institutions

to ensure my personal financial accounts were safe; talking with neighbors to gain insight on similar theft patterns; etc., etc. In addition to these tasks, some of us in the neighborhood discovered the thieves had fraudulently opened "credit monitoring" services with companies such as Credit Expert. These accounts had to be tracked down and closed so the thieves would not continue to have access to my personal credit information. How frightening it is to know that someone is monitoring your credit report. . . just how much of my personal information do they have?

As of the date of this writing, my case is not completely closed. Many of the retailers have sent me letters saying they have resolved the case in my favor and I am not responsible for charges incurred, others have not gotten around to it yet, so it's my responsibility to follow up with them and find out where things stand. I also must go back to my credit reports to determine if they have been cleared of all of the fraudulent accounts. These accounts will continue to negatively affect my credit scores until they are removed . . . a process which can take months.

Sadly, I believe that my ID theft experience is a scenario that will continue to repeat itself in neighborhoods and communities across America. It's become apparent to me that most victims of ID theft do not take a proactive role in working to ensure that safeguards are put in place to prevent future ID theft or that the thieves are held accountable for their actions. The reality is that once a victim has spent 20, 30, or more hours trying to clear their credit accounts and financial reputation, they often do not have the additional time or energy to try to help fix a credit system that is most definitely broken!

All too often, despite the efforts of local and national law enforcement, the ID theft is never tracked back to the original breach of personal information. I'm afraid this will be the case with our neighborhood thefts. In our cases, it is truly amazing to me that a thief (or group of thieves) would be so bold as to target multiple households in the same neighborhood, and no one can piece together the puzzle of how it happened!

Retailers offer credit far too easily without verifying enough personal information. They do quick "account look-ups" for thieves who tell them they've "forgotten" their charge cards. Although I am not responsible for the fraudulent charges incurred, I am still very much a victim. I'm a victim not only in terms of the time and frustration I expended, but even more so as a consumer, since retailers pass the cost of all of the stolen items back to consumers in the form of higher prices!

Thank you for your consideration in this matter.

I have for years been aware of the identity theft problem and believed I was doing the right things to protect myself. I would run my credit report about twice a year to make sure there was nothing unusual on it, would only do online banking, taxes etc on a secure, non-wireless internet connection and typically did not discard any personal information but shredded whatever I did. Nonetheless, on a Saturday afternoon in early January 2012, I opened my mail to discover a bill for a Wal-Mart credit card with a \$4,000 balance. I was shocked but figured it was a mistake, My stomach dropped like I was on the world's biggest roller coaster when I caned to dispute it and the social security number was a match.

I immediately had my husband run our credit reports and put fraud alerts on our accounts. This was where I discovered one of the big problems with the existing credit bureau system. Using the online credit reporting services (you know the ones with the cute commercials urging you to run your report - who are actually owned by the one of the national credit reporting agencies!) my husband was able to run our credit reports with only our address and social security number; he got the security questions wrong (!) and they gave him our information anyway. We would later learn that the people who stole our identities ran our credit reports before ever attempting to open accounts with our information.

As I continued through my mail that day I found 7 more cards with total charges of \$15,000 that had all been opened and charged in Louisiana and Texas on December 20 and 21, 2012. Many of the charges were for large denominations of gift cards (multiple \$1,000 Sam's Club cards) or for large purchases (two laptops at Best Buy) which are easily converted into cash. We called local law enforcement and filed a police report which is when we learned that the same thing had happened to - 10 other women on our street - all on the same side of the street. All of my fraudulent accounts had been opened with a misspelling of my first name which also existed on my local earned income tax records. The accounts were also opened using a fake driver's license with a number that was not just incorrect but was totally invalid and with the incorrect birth date. Chase was the only company to reject an application because of the birth date being wrong.

Originally we put fraud alerts on our accounts listing our cell phone numbers and correct birth date information so that these thieves would be unable to open more accounts. We soon discovered this was a mistake. First, a fraud alert only tells the credit company to exercise caution, they can still issue credit to your identity and second, the thieves had signed up for credit monitoring memberships in our names (clearly they got the security questions wrong but were able to open them anyway) and had alerts sent to their email addresses. So we basically handed them that personal information. Sure enough, 3 days later they tried to open another accounting using my information, including the correct birth date.

A week later they started attempting to open cards using my husband's information; we assume that either the individual who sold my information also sold my husband's and the other people on our street's or this is the world's biggest coincidence. We were able to stop all new attempts by putting a credit freeze on our information at all three bureaus, This will be painful if we ever want to open a new credit card, or to refinance our mortgage etc. but we really have no other choice.

People misunderstand identity theft – they think it is when someone gets your credit card information. While that is less than ideal, it is NOT identity theft. You simply call the credit card company, file a dispute, get a new card and go on your way. My life, and that of my husband and infant son, has forever been changed by this theft. My personal information will always be public record; we cannot stop these thieves from continuing to monitor our credit reports as the reporting agencies refuse to password protect our information despite the fact that we are victims of identity theft. We also have to presume they will continue to attempt to use our info or will sell it to someone else who will attempt to use it for the rest of our lives.

The worst part of identity theft is the sense of anxiety which never leaves you. The panic every time you get an unexplained piece of mail (is it because they opened an account at this store?) or a strange phone call (they have my address are they trying to see if I am home because they plan to rob my house now?). The worry about what someone could do with your social security number that you have not thought of or protected yourself against. Other victims in my community had money withdrawn from their bank accounts (these people know where you bank because your bank overdraft protection program shows up as credit on your credit report!) and their life insurance dividends cashed. They know who your insurance company is because your insurance company runs a credit check on you periodically and it shows up on your credit report. They know all but the last few numbers of your mortgage account because that shows up on your credit report. Is your real property safe from someone with this information? Your 401K? Your tax refund? It is a constant and never ending job to think about what someone could do and then try to make sure there are safeguards in place.

On a positive note, after lots of paperwork, phone calls, time and anxiety I was able to get all of the charges cleared and they should all come off of my credit report eventually. However, as I noted this does not end this nightmare for us. Basically, it will never end as long as the system exists as it does today.

The problems with the system today are numerous and broad but a few of the most glaring are 1) ineffective and unenforced security by the credit reporting agencies through their credit monitoring programs 2) the refusal of these agencies to protect the accounts of known victims 3) inconsistent protection and length of coverage for victims (some states have a permanent Security freeze, PA only has 7 years, then it has to be

reissued) and 4) apparent indifference on the part of the credit bureaus and the companies and retailers who issue instant credit to the losses caused by this activity and the resulting complete apathy to preventing it.

I mention this last one as an observation based on what happened to me. My husband and I are not big users of instant credit. Actually we do not use it at all; I would guess we have not applied for a new credit card in 10 years. Yet, no red flags were raised when suddenly I started applying for credit and immediately maxing out the cards thousands of mites away from home? Certainly if I exhibited similarly unusual spending habits on my existing card Visa would immediately notice and require proof that *it* was in fact me making the charges.

Credit, and the proper protection, monitoring and reporting of it, is essential to commerce in this country and around the world. Yet we have a system that essentially relies on one piece of information (your social security number) for immediate and significant access to goods, services and information. A system that fails to adequately protect victims when this information is stolen and a system that requires you to provide this information numerous places – work, taxes (federal, state and local), doctor's offices etc., any of which can be the source for a cyber-security breach, or for one bad employee to take the information and use it for their own enrichment, or even worse, to aggregate your information with that of others and sell it to the highest bidder.

The credit reporting agencies have significant side businesses in credit monitoring, which they operate under numerous names and advertise heavily as a way to protect your credit. They pander to people's fear of identity theft for their own enrichment, yet fail to exercise minimal diligence in properly protecting your information by enforcing reasonable security checks both before and after you are a victim of identity theft or to take reasonable steps to identify unusual patterns and alert retailers and credit holders of the activity. Even worse, to varying degrees, all three agencies were unhelpful, unavailable and difficult during this very stressful process. These agencies have an obligation as an essential part of our economic system to act in a more responsible manner and I hope our legislators will compel the controls that the agencies refuse to implement voluntarily: vigorous and enforced security checks prior to allowing access to a credit report and a safety mechanism for victims of identity theft (such as a password). Further, I believe that similar to telephone solicitation, we should all have the option to opt out of instant credit programs without freezing our credit report entirely. A national registry of some sort would go a long way towards discouraging identity theft; without easy and quick access to goods that can be converted to cash there would be a much smaller incentive to engage in this crime,

On the evening of January 5, 2012, I opened a piece of mail from HSBC regarding a new Best Buy credit card account in my name. I had not opened a Best Buy account so I was not sure if this was some kind of fraudulent piece of mail or something worse. I then began to check my other credit card accounts and found that there were two new fraudulent Chase accounts that had been opened in my name as well. At this point, my husband called the police, When the officer arrived and we told him the situation, he informed us that I was the ninth victim on our street. He gave me some information regarding the steps to take to clear up the identity theft and suggested that I pull my three credit reports right away. Once I did this, I realized it was much worse. I had to call off work the next day in order to spend the entire day making phone calls to each of the eleven credit card companies regarding the new accounts/inquiries that appeared on these reports. In total, there were eight new fraudulent accounts opened in my name. The person responsible had tried to open eleven accounts in all but three of the eleven were denied. All of the new accounts had been charged on and within dollars of the account's limit. The next day I spoke at length with another victim on our street and she suggested that I check all of my department store accounts as well because the thieves were accessing them as well. It turns out that, in addition to the eight new accounts, three of my existing department store credit cards had been charged on. In total, approximately \$22,000 in fraudulent charges had been made in my name from December 28, 2011 until January 5, 2012.

When you become a victim of identity theft, it is a very labor intensive process to recover from it. The phone calls notifying the credit card companies that you are a victim is only the very beginning. Each credit card company will send you fraud forms to fill out and send back, each requiring different levels of information. Plus, there are several companies that I had to call up to four times in order to be sent these forms. There is a high level of stress and frustration that comes with dealing with the credit card companies as well. Some examples: the one company that I had previously alerted of the fraudulent new account sent me a letter stating that there may have been some fraudulent activity on my new card. If there was, call them, if not, disregard the letter. I ended up having to call several more times to get it straightened out. As another example, I had asked one of my existing department store cards that had fraudulent charges on it to close my account. Instead of closing it, they sent me a new card. When I called to tell them that I didn't want the new card, I wanted the account closed due to being a victim of identity theft, the person asked me if I was sure I wanted to close it. To this day, I am still waiting to hear from six credit card companies that the accounts have been cleared.

It also doesn't end with the credit card companies:

1. A report has to be filed with the Federal Trade Commission (FTC)
2. Each credit bureau must be notified by sending a copy of the police report, the FTC report, and two identity documents.
3. The IRS has to be notified in case someone tries to file a false tax return in your name
4. At the very least, a fraud alert has to be placed with all three credit bureaus. Although, this will not absolutely block fraudulent new accounts. A security freeze must be placed with each bureau (at a cost) to prevent any new accounts from being opened (There is nothing in place to prevent the fraudulent use of existing accounts -thieves can continue to gain access to your credit report and see if you open any new department store accounts and go after them long after the initial fraud)

There are also costs that you incur as a victim

1. Security Freezes
2. Credit Monitoring Services/Lifelock (\$250 per person a year)
3. Sending each fraud report certified mail

I have some suggestions that would make it a lot harder on identity thieves.

1. I think that your credit reports with each bureau should be password protected. So, if an identity thief obtained your SSN, birth date, and address and attempted to open a new account in your name, they would need to provide the password in order for the credit card company/department store to be able to pull your credit report. This would eliminate a lot of the new card fraud that occurs, both online and in stores
2. I also think it would be a good idea for each credit card that you have to have a password associated with it. So, if you enter a store and say that you forgot your card you would have to provide them with the password in addition to your SSN and ID card.
3. Another idea that would be helpful, would be to have your driver's license (or government issued ID) on file with each credit bureau. This photo would come up when the creditor pulled your credit report. This could further verify the identity of the person trying to open the account and prevent fraud
4. Each credit card that you have should have your photo on it so when you present it to the cashier, they can check it right there. If there is no picture on the card, everyone should have to present their driver's license or government issued ID.

Identity theft is a huge problem in our country and something really needs to be done to prevent it. It is a lot more difficult on the victim dealing with

the aftermath than it is for the thief to gain the information, open all the accounts, and spend money in your name. These thieves are not easily caught either. As an example: a Sam's Club card was opened in my name, the thief's picture was taken for this card. The secret service agent involved with this case was able to get the photo of the victim but has still not be able to identify her. So, in the end, I have dealt with endless work, frustration, and stress but the person(s) responsible are still not facing any repercussions.

I hope identity theft will be looked at more seriously. It should not be the victim that has to fight an uphill battle to correct the problem and live the rest of their lives with the possibility of future complications. Instead, it should be made a virtually impossible task for the would be thief to steal an identity in the first place.