

Five Types of Identity Theft

Article by: Nicole Kinsey

By now, every adult should know that identity theft is the fastest growing crime in America. It has become an epidemic, leaving everyone at risk, including children, adults, the elderly, those with good credit, bad credit, or no credit. And, to make matters worse, most people do not know if their identity has been stolen.

The biggest misconception is that identity theft only affects or involves your credit. If you, too, believe that identity theft only affects or involves your credit, then you might want to keep reading.

In addition to credit related identity theft, there are at least four other categories of identity theft that will not necessarily affect your credit, but can ruin your life. The following are real life stories.

1. Character identity theft. Someone impersonates you and commits a crime in your name resulting in warrants issued in your name, arrests made, and time spent in jail.

Donna has been impersonated by her sister for many years. Unfortunately for Donna, her sister has an extensive criminal record. In order to clear her name, Donna has had to hire an attorney. She has been told that once your name is associated with a crime, it can never come off.

Someone with a criminal record stole Harry's wallet. Unbeknownst to Harry, the thief then committed several crimes in Harry's name. Unfortunately, this criminal activity was entered into the database of a background check company that provides data to potential employers. Harry lost his job and has been unable to find work because of the false information.

Three years ago, Jane's purse was stolen by someone she knew. The identity thief bought a car with Jane's ID and committed other crimes in Jane's name (writing bad checks and burglary). No one in law enforcement believes Jane when she says she is not the criminal, not even the District Attorney who is charging her with the crimes.

John, a man from San Diego, traveled to Mexico to visit his relatives. On his way back home, he was stopped and told that there was an arrest warrant issued in his name. Apparently, someone had been committing crimes in his name and using his Social Security number. John was arrested and taken to San Francisco where he spent 10 days in jail. After finally convincing a police office that he was not the criminal, John was released and left stranded without any money.

2. Social Security Number (SSN) identity theft. Someone steals your SSN and obtains employment in your name. The thief's employer reports wages earned to the IRS under your SSN leaving you to pay income taxes on these earnings. Further, an identity thief's use of your SSN can cause you to lose life sustaining benefits.

Paul received a letter from the IRS stating that he had earned additional income in 2003. Paul never earned this additional income. An identity thief used Paul's SSN and earned wages in Paul's name. Now Paul's credit is ruined, and the IRS wants to be paid.

Alex lost his wallet, and he never bothered to report it to the police. In 2005, he filed his tax return and expected a refund. Instead, he received nothing. The IRS withheld his refund check to pay off back taxes he owed from 2002. Apparently in 2002, someone had used Alex's SSN to earn wages in Alex's name. This "unreported income" left Alex with a \$9000 tax bill.

Someone has been using Mary's SSN to earn wages. Mary, who had been receiving AFDC (Aid to Families with Dependent Children) benefits, lost her benefits because income records show her as having a salary.

Jack applied for unemployment benefits, but he was denied because records showed that he was actually working. Apparently, someone in another city had been using his SSN to earn wages in his name. Jack was told that he had to prove that his identity had been stolen.

3. Medical identity theft. Someone steals your identity and either obtains medical insurance in your name or uses your current medical insurance policy to obtain treatment or prescriptions. You can be denied health coverage or lose your current health coverage because of false information placed in your medical record.

An identity thief received treatment for an injury to his hand using a stolen identity. Now, the identity theft victim has been receiving letters demanding payment for drugs and services rendered to the thief.

4. Driver's license identity theft. Someone commits traffic related offenses in your name. When the identity thief fails to appear in court, warrants are issued in your name.

In 2003, Alex's driver's license was revoked because he had another driver's license in another state revoked due to criminal charges. In addition, Alex had warrants out for his arrest in the other state. After about a year of working to clear his name, Alex's driver's license was reinstated.

An identity thief with a poor driving record obtained a copy of Sara's driver's license. Now, because of the identity thief's poor driving record, Sara's license has been suspended, and she is in danger of losing her auto insurance.

5. Credit identity theft. Someone uses your information to obtain loans, goods, or services and does not pay the bills. The accumulating unpaid bills end up going to collection, which can affect your credit. For over six years, Kate has

been a victim of identity theft. Even a fraud alert placed on her credit report has not stopped the identity thief. As a result, Kate can not purchase a home because of bad credit.

An identity thief wrote bad checks and opened several credit card accounts in Erica's name. Consequently, Erica's application to open her own bank account was denied. Erica has had to hire an attorney to clear her name. This has cost her over \$4,500.

So, you can see that once an identity thief has your identity, he/she can do just about anything including ruining your life. Don't think you are immune. According to the Identity Theft Resource Center, there have been at least 111 disclosed incidents of data breaches since January 2005 that could potentially expose 53 million individuals to identity theft. This number is steadily increasing. Further, according to the FTC, over 27,000 people per day have their identities stolen in America.

Your information is not safe. As long as others (employers, credit card companies, medical facilities, etc.) have your private information, you are always at risk for identity theft. All it takes is for an employer to lose your information or give it away or one person/employee to steal the information. A cellular phone company experienced just that when employees used customer data to create fraudulent accounts. The bogus accounts were used by the thieves and their friends to ring up thousands of dollars in calls.

When it comes to protecting your identity, being proactive is the only practical way to go to avoid the frustration, time, and expense of restoring your identity and name. Some things you can do to prevent identity theft include not giving out your personal information, shredding unwanted mail, and not carrying your SSN card with you. Also, continuous credit monitoring is an easy, effective and often inexpensive way of keeping an eye on your credit at all times to help prevent credit related identity theft. However, credit monitoring will not protect you or your identity when the police come to your home during Sunday dinner and arrest you for a crime you did not commit. When it comes to non-credit related identity theft, (character/criminal, SSN, DMV, medical) there is not much you can do to protect your identity, especially when so many others have access to or can steal your personal information.

Many will tell you that you don't need any type of identity theft protection or coverage, but you never want to be the person who says, "I wish I had had identity theft protection" after your identity has been stolen and you have spent thousand of dollars and many hours trying to restore your name and identity. There are many products in the market that offer credit monitoring and even credit restoration. However, to provide protection in all five categories of identity theft, one should have, at a minimum, a service or product that offers restoration of your identity and name in all five categories of identity theft as well as access to legal counsel.

We now live in an age where identity theft coverage will be just as necessary as medical/health insurance.

Nicole Kinsey, Ph.D. is an attorney and an identity theft consultant. Dr. Kinsey established Identity and Credit Guard Services to provide comprehensive identity theft resources and services to individuals and businesses with identity theft concerns. To receive information about identity theft and how you can protect yourself, visit <http://www.identityguardservices.org/>. Copyright © 2006.