

News Release: January 22, 2003

## CASES OF IDENTITY THEFT DOUBLE IN 2002

WASHINGTON (Jan. 22) - Complaints about identity theft nearly doubled in 2002 as the fast-growing crime topped the government's list of consumer frauds for a third consecutive year.

The Federal Trade Commission said Wednesday that 43 percent of about 380,000 complaints involved the hijacking of someone's identity information, such as a credit card or Social Security number, to steal money or commit fraud.

The figures come from a government database of complaints collected from the FTC, the FBI and scores of law enforcement and consumer groups. Gripses about fraud in Internet auctions ranked No. 2 and accounted for 13 percent of complaints.

Howard Beales, chief of the FTC's Bureau of Consumer Protection, said complaints about identity theft have increased along with greater public awareness of the problem prompted by the agency's efforts and recent high-profile identity theft cases.

"More people know where to complain about fraud and ID theft," he said.

Beales said the agency plans to have more detailed report on identity theft next month.

Up to 700,000 people in the United States may be victimized by identity bandits each year, the Justice Department says. It costs the average victim more than \$1,000 in expenses to cope with the damage to their accounts and reputations, the FTC has said.

"This is a crime that is almost solely on the shoulders of the victim to resolve," said Beth Givens, director of the Privacy Rights Clearinghouse, a San Diego-based consumer group. "They're beleaguered, they're tired, they're angry and it takes them a good deal of time to recover."

Recovery has taken about five years for Alexandra May, 40, an office equipment saleswoman from Cupertino, Calif.

May said that in 1997 a woman who looked nothing like her obtained a duplicate of her driver's license from a local department of motor vehicles office. With the license, the woman drained \$4,000 from May's bank account and tarnished her records with an accident and the theft of a rental car.

"I went to rent a car a few months later and was almost arrested," May said. She said she expects this month to be issued a new license that finally severs her record from the ID thief's actions.

Privacy advocates advise consumers to protect themselves from identity theft by checking their credit reports twice a year, shredding personal documents before throwing them away and cleansing wallets of old receipts and printed Social Security numbers.

The number of identity theft complaints rose from about 86,000 in 2001 to about 162,000 last year, the FTC said. Of last year's incidents, 42 percent involved credit card fraud. Other major categories involved fraudulent bank and cell phone accounts.

The District of Columbia had the highest rate of identity theft in 2002 with 123 victims for every 100,000 people. California and Arizona followed with 91 and 88 victims per 100,000 people, respectively.

About half of all other types of fraud complaints last year had some connection to the Internet, the FTC said. They involved online transactions, Web site advertising or promotions sent as e-mail spam.

The number of complaints about identity theft shot up in 2001 after the FTC began promoting a dedicated Web site and toll-free phone number for victims.

In November, federal authorities broke up what they called the biggest identity theft case in U.S. history and charged three men with stealing credit information for 30,000 people. Prosecutors said the scheme began with passwords and records stolen from a software company.

Last spring, Attorney General John Ashcroft ordered federal prosecutors nationwide to speed up investigations and trials of people accused of stealing identities.

Sen. Dianne Feinstein, D-Calif., a longtime advocate for identity theft laws, will introduce several bills in the next few weeks seeking greater protections for Social Security numbers and stiffer penalties for identity thieves, spokesman Howard Gantman said.