

Identity Theft: Red Flags



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It is a story that is becoming all too common: people of all walks of life are losing money, time, and sleep as they deal with the tremendous stress of clearing their names and accounts. They are victims of identity theft—a crime that is sweeping the nation at alarming rates, a crime that damages people’s lives, reputations, and financial stability.

For victims of identity theft, the details vary but all their stories have one thing in common: unknowing individuals whose information was hijacked and used illegally, for another person’s benefit.

Thieves use people’s personal identification information to open new accounts and use existing accounts, making large and frequent purchases. Identity theft creates havoc for the victims, but also for credit unions like yours. What can your credit union do to help prevent, detect, and mitigate identity theft?

Stolen Identities



Consider the following example of Jason, who was fired from his job and then struggled for many years to obtain work again, and Robert, a young man who had been previously convicted of shoplifting.

Robert was also an identity thief who stole Jason’s personal information. When Robert was caught shoplifting again, he used Jason’s identity down at the police station. In fact, he continued to impersonate Jason every time he got into trouble with the law over the next few years, and pretty

soon Jason’s police record was looking pretty awful.

Jason’s reputation was linked to Robert’s misbehavior and police records, which listed crimes that Jason did not commit. Every time Jason was about to secure a new job, the prospective employer would conduct a background check and discover a slew of misbehavior and criminal acts that Jason had supposedly committed. Jason wasn’t alerted to the reasons behind his prospective employers’ decisions to not hire him... and so the problem continued.



Objectives

This Training on Demand course teaches you your credit union's role in the fight against identity theft, by complying with the FACT Act and Red Flag program goals. You will understand how you can recognize "red flags" and customize your identity theft program.

In this course you will learn to:

- Recognize the consumer safety goals of the Fair and Accurate Credit Transaction Act;
- Define and describe the four elements of the Red Flag rules;
- Describe how to handle address discrepancies; and
- Explain how extended fraud alerts and active duty alerts help to protect members from identity theft.

The Fair and Accurate Credit Transactions (FACT) Act

A few key laws passed in recent years to respond to the growing problem of identity theft. In December of 2003 then President Bush signed the Fair and Accurate Credit Transactions, or "FACT" Act, into law. It added sections to the Fair Credit Reporting Act, and is primarily intended to help consumers fight identity theft. Key highlights of the FACT Act:

- All consumers now have the ability to get one free credit report every year from each of the three major credit bureaus.

- Credit and debit card numbers are now truncated so that only the last five digits of the card number may appear on a receipt.
- Before the FACT Act, identity theft victims had to contact each of the three major credit bureaus, when they first reported their situation as a victim of identity theft. The FACT Act helped to alleviate a lot of stress, since consumers are only required to report the theft to one of the major credit bureaus. It is now the responsibility of the credit bureau, to share that information with the other two credit bureaus.
- The FACT Act also gave victims of identity theft the right to place a fraud alert on their credit profile.
- Active military personnel can place an active duty alert on their credit reports.
- And finally, the FACT Act required the National Credit Union Administration (NCUA), Federal Trade Commission (FTC), and the federal banking agencies to adopt regulations and guidelines on identity theft red flags.

What is a Red Flag?

Red flags are warning signs or indicators that may signal identity theft could be occurring. Red flags are patterns, practices, or specific activities that indicate the possible existence of identity theft.