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Identity Theft Strikes Young

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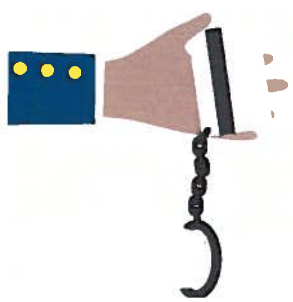
Identity thieves are targeting children who may not even discover they've had their personalinformation stolen for several years.

By Heather Morton

The stories of children falling victim to identity theft are growing at an alarming rate. A college freshman starts receiv court summonses stemming from large, unpaid credit card bills tracked to her. The cards were made with her Social Security number, but without her knowledge, when she was only 13.



A parent applies for Medicaid and discovers during the application process that someone been using her 5-year-old son's Social Security number in employment applications sinc was born.

A young couple tries to buy a first home, but the woman's credit score disqualifies them. then does she discover that her mother used her Social Security number to purchase a c and a mortgage following a nasty divorce that badly damaged her credit rating. The daug had to decide whether to report her mother to the police in order to clean up her identity.

These cases, and many others like them, are happening to children with increasing frequency. Although identity theft has been the No. 1 consumer complaint received by the Federal Trade Commissio the last 14 years, identity thieves targeting very young victims is a relatively new concern. "As someone who was the victim of identity theft more than 10 years ago, I fully understand the devastating effect such a crime can have on a person's short- and long-term financial standing," says Pennsylvania Representative Matthew Baker (R).

"The crime is especially heinous when perpetrated using the identity of a child, who often doesn't know his or her ide has been stolen until many years after the fact, when he or she first applies for college assistance or a credit card. Tl can lead to lifelong financial headaches and delayed enrollment in college until the situation can be resolved."

A Relatively Young Crime

Identity theft is generally defined as: The use of a person's personally identifying information—a name, Social Securi number, credit card number or other financial information—without permission, to commit fraud, theft or other crimes

After the enactment of the federal Identity Theft and Assumption Deterrence Act of 1998, the Federal Trade Commis created the Consumer Sentinel Network to collect consumers' complaints to share with law enforcement personnel. ' secure, online database has since collected millions of complaints involving fraud and identity theft.

Every state now has a law regarding identity theft or impersonation. Twenty-nine states, the District of Columbia, Gu and Puerto Rico have specific restitution provisions for identity theft that require thieves to reimburse victims. Five states—Iowa, Kansas, Kentucky, Michigan and Tennessee—have forfeiture provisions.

Despite the laws, identity thieves continue to succeed at finding easy victims. And when they do, they can cause a lc damage. In a recent survey by the Bureau of Justice Statistics, victims reported losing a total of $24.7 billion in direct indirect costs because of identity theft in 2012. In fact, losses from identity theft exceeded the $14 billion in losses reported from all the other property crimes—burglary, theft and motor vehicle theft—combined.

Why Target Kids?

Among the 13 million consumers whose identities were stolen in 2013, are a growing number of children. One in 40 families with children under 18 had at least one child whose personal information was compromised, according to a : survey by the Identity Theft Assistance Center and the Javelin Strategy & Research group. The survey revealed that identity thieves most often steal children's Social Security numbers, since young children seldom have the credit hist acquired by adults, such as credit cards, bank accounts, licenses and financial statements.

Nevertheless, children's identifying information is very appealing to thieves who will often create "synthetic" identities using a child's Social Security number with a different date of birth to avoid detection.

Most children have no credit histories and their Social Security numbers have not yet been flagged in any fraud prevention database. Unmarked and untested, children's stolen identities often go unnoticed until after they reach 18 This allows the fraud to continue for years. In the 2012 Identity Theft Assistance Center/Javelin Child Identity Fraud Survey, 17 percent of children were victimized for a year or longer.

Clearing one's name and securing one's real identity also can take years.

Aston Betz-Hamilton, the college student who received numerous court summonses, spent 16 years trying to repair credit report. Although she was relieved when the last of the fraudulent entries finally dropped off her credit report in 2009, a few years later she was devastated when she learned her mother had been the thief.

With easy access to official documents, family members and their friends often are the thieves. Parents know the da birth and usually share the same name. When a parent's credit is poor or a guardian's felony conviction prevents hin from finding a job, using the child's identity is just too easy for some. And young victims face quite a challenge if ask turn in their own parents.

Twenty-seven percent of the Identity Theft Assistance Center/Javelin survey respondents reported knowing the individual responsible for the crime, complicating family dynamics and friendships. Ana Ramirez, whose mother usec Social Security number when Ana was 10, chose not to file a police report out of loyalty to her mother

Lawmakers Respond

In response to this growing problem, state legislators have strengthened criminal penalties, required credit reports fo children in the foster care system, and allowed parents and guardians to request consumer report security freezes o behalf of their children.

Lawmakers in Florida, Indiana, Louisiana and Pennsylvania have increased criminal penalties if the victim is a minor Florida, a person who fraudulently uses a minor's personal identification information now faces a second-degree felo charge, while criminal use of an adult's personal identification information remains punishable as a third-degree felor

In 2009, Indiana legislators enhanced the penalty for the crime of "identity deception" from a class 6 felony to a class felony if a person uses identifying information from a son, daughter, ward or other dependent.

"As we move deeper into the information age, identity theft becomes easier and more prevalent, leaving thousands c Hoosiers at risk of losing their good financial standing to unscrupulous criminals," says Indiana Representative Linda Lawson (D). "It is our duty to protect Hoosiers from these deceptive acts."

In Louisiana, lawmakers decided to set minimum sentencing times for identity theft committed against a child under : 17, depending on the monetary value associated with the crime.

In Florida and Pennsylvania, lawmakers chose to increase the criminal penalty by one grade if a person steals the identity of a child under age 18.In the definitions of what constitutes the crime of identity theft, Georgia and Texas specifically added using the identifying information of an individual under 18.

In Kentucky, state legislators included in the state's identity theft statute possessing or using current or former identif information of a family member.

The Power to Freeze Credit Reports

Forty-nine states and the District of Columbia allow consumers to place a "security freeze" on their credit report to lin reporting agency from releasing a report or any information from it without authorization from the consumer. The sec freeze is designed to help prevent identity thieves from opening new accounts using the victim's identifying informati

Now, legislators are making this tool available to children to prevent identity theft. Thirteen states have expanded the to allow a parent or guardian to place a security freeze on a minor's consumer credit report. Other states are conside similar measures.

"This crime can have a devastating effect on an individual's personal finances, and we should ensure that our young people can begin their adult lives with a clean financial slate," says Senator Jane Nelson (R), who sponsored the legislation in Texas.

"By allowing parents to place a 'Do Not Enter' sign on their child's credit record, this legislation will help protect youn Texans from identity theft."

Identity theft can wreak havoc on an individual's life, requiring many hours and lots of paperwork to resolve. Brittany Marston spent three years writing letters, making telephone calls and finally threatening to involve an attorney in ord remove the credit card charges and fees from her credit report that she discovered when she turned 18. For children impact can be even more devastating, particularly if the identity theft has been perpetrated by a family member.

Although state legislation cannot prevent all cases of identity theft, state legislators are giving children and their pare some new tools to combat the problem if they are victimized.

Foster Care Concerns

Statistics on identify theft among foster children specifically are difficult to find. For example, a 2011 pilot project in California found that although accounts had been opened in the names of 5 percent of 2,110 foster children in Los Angeles County, there was no way to confirm why the accounts were opened. Nevertheless, it is widely believed tha children in the foster care system are more vulnerable to identity theft than other kids for a couple of reasons.

First, the identities of children in foster care are more easily compromised by family members without the children's knowledge, since they are separated. Second, the personal identifying information and sensitive health information c foster care children often are shared throughout the social services system and are available to a greater number an variety of people.

Anecdotal evidence supports a reason for concern. When Suamhirs Rivera, for example, left the foster care system a age 18, he discovered that someone had used his identity while he was in foster care to charge more than $75,000. four years, Rivera has been able to clear only $35,000 of the fraudulent charges from his credit record, and he still fa two lawsuits for fraud. He continues to work to clear the remaining $40,000.

"It has been difficult to resolve my credit problems, especially because I have no support from anyone—no family in t United States and no one to back me up," Rivera says. "Young people should know about bad credit long before the leave care."

Recognizing that children in the foster care system may need a little extra help to determine if their personal informat has been misused, state and federal policymakers now require child welfare agencies to obtain and examine credit reports of all children in the system as they approach their 16th birthdays.

"Unfortunately, identity theft among foster youth usually isn't discovered until after they have 'aged out' of the foster c system and have lost the resources and support needed to fix the problems," says District of Columbia Councilmemb Tommy Wells (D). "For these youth, adulthood will begin with credit histories that are tarnished through no fault of th own."

After 2006, when California, Colorado, Connecticut, Illinois, Texas and the District of Columbia enacted legislation, Congress followed with the Child and Family Services Improvement and Innovation Act of 2011, mandating that all children in foster care, starting at age 16, receive a free consumer report each year until they leave the foster care system and any assistance they need to interpret and resolve any inaccuracies in the report.

Following the 2011 congressional action, Delaware, Nevada and Virginia enacted similar state legislation.

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Five Common Warning Signs

Identity theft can be hard to detect, although these warning signs should raise reds flags immediately.

1. A family receives calls from collection agencies, bills from credit card companies or medical providers, or offers fo credit cards or bank account checks in a child's name, even if the child has never applied for or used these services.

2. A child or a family is denied government benefits because another account using that Social Security number is already receiving benefits.

3. The Social Security Administration, Internal Revenue Service or some other government agency asks to confirm t child is employed, even though the child has never had a job.

4. The IRS notifies a parent that the same information he or she filed for a dependent child is listed on another tax re

5. A child receives a notice from the IRS saying he or she failed to pay taxes on income the child has never received

Source: Federal Trade Commi

Have You Checked Your Credit Report?

The federal Fair Credit Reporting Act requires each of the nationwide credit reporting companies—Equifax, Experian TransUnion—to provide consumers over age 18 with a free copy of their credit report, upon request, once every 12 months. The website, www.annualcreditreport.com, is the only one authorized to fill orders for a free report, although consumers may also call 1-877-322-8228 to request a report.

Callers will need to provide their name, address, Social Security number, and date of birth. If they have moved in the two years, they may have to provide their previous address. To maintain security, the credit reporting agencies may for some personal information, such as the amount of a monthly mortgage payment. Each company may ask for diffe information because the information each has comes from different sources.

For children younger than 18, parents, legal guardians and child welfare agencies must request a manual search of t child's credit file through a written request directly to each consumer reporting agency. The credit reporting companie may require copies of:

- The child's birth certificate and Social Security card
- The parent's driver's license or military identification,

- Proof of address, such as a utility bill or credit card statement, and
- Copies of documents proving legal guardianship of the child.

Additional Resources

NCSL Resources

- Subscribe to State Legislatures
- State Legislatures homepage

Other Resources

- Child Identity Theft | Federal Trade Commission
- 2012 Child Identity Fraud Report | Identity Theft Assistance Center
- Victims of Identity Theft, 2012 | Bureau of Justice Statistics
- 2013 Identity Fraud report | Javelin Strategy and Research
- ITRC Fact Sheet 120 Identity Theft and Children | Identity Theft Resource Center

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