



Who Wants Your Stinkin' Identity?

The Motley Fool

By Dayana Yochim

Just give me one second... I know I've got your Social Security number, date of birth, and history of home addresses and credit cards lying around here somewhere.

Hey, that's where I put my sunglasses...

Identity theft has officially hit the comedy circuit. Humor columnist Andy Borowitz spoofed the current headlines with his "Identity Thief Returns Identities Deemed Worthless":

"An identity thief who has stolen over half a million identities over the past two years returned all but four of them today, declaring the identities 'totally worthless' and 'an enormous waste of my time and hard work.'

"He said that he had spent months hacking through the security firewall of one of the nation's largest financial institutions, hoping to reap billions of dollars for his efforts, but after sifting through the stolen identities he found that they were 'little more than a garbage dump of unpaid college loans and overdue Blockbuster bills.'

"Everybody's running around worried about identity theft these days," he added. 'All I can say is, don't flatter yourself by thinking you have an identity that's worth my time.'"

Identity theft: It's a lot funnier than you thought it was. The number of high-profile security breaches has reached such comical proportions that it's only a matter of time before it knocks Michael Jackson jokes from the top slot on Jay Leno's gag list. (Probably a long time at the going rate.)

I put a moratorium on ID theft scare stories early last year, because I didn't want to be one of those alarmist financial journalists accused of blowing the problem out of proportion. ("Scams! Danger! Everywhere!") Then again...

Cap'n, we've got a problem

Earlier this year data warehouse **ChoicePoint** (NYSE: CPS) made headlines after it admitted unwittingly giving database access to fraudsters, who then used the information to get into a reported 144,000 individual files and rip off at least 700 people. Last month more than 300,000 files were breached at LexisNexis (owned by **Reed Elsevier Group** (NYSE: ENL), a company that compiles and sells consumer personal and financial data. And just last week **Time Warner** (NYSE: TWX) said it misplaced a cooler-sized container filled with 40 computer backup tapes with the names and Social Security numbers of 600,000 current and former employees and contractors as well as the information of some of their dependents and beneficiaries.



Oopsy daisy.

My conversation three years ago with Joel Albert, a victim of what was then the largest identity theft racket in U.S. history, seems so quaint now. He was one of 30,000 individuals whose credit information was sold for a song. Crooks drained nearly 90 grand of equity from his home. (Details here.) “It’s a great way to rob a bank without a gun,” he said.

Heck, it’s not like potential thieves weren’t invited by a friend of a friend of a friend. To extend the bank robber analogy for another paragraph, you could say that financial institutions are practically putting up “Open House” signs on their vaults. You know those flyers you get in your credit card, insurance and mortgage documents — the ones that you skim over and ignore? Here’s the gist of what they say:

Dear customer:

Thank you for banking with First Bank of Firstness. As a service to our valuable customers and a lucrative revenue stream for us, we are now offering your financial information — including full access to your credit file! — to service providers that have a marketing relationship with us. We are sure you will enjoy the product mailings and phone calls you will be receiving from them. As always, we thank you for choosing First Bank of Firstness for all of your banking needs. P.S.: If you want to be a party pooper and prevent us from spreading the word about your deep pockets, dig out your stationary, stamps and/or rotary telephone and let us know via legally correct verbiage. Oh, and while you’re at it, please let us know if you spot any funny business with your account.

At your service

First Bank of Firstness

The bottom line: You’d better hope your neighborhood watch is alert, since it seems you, as an individual, are in charge of keeping the bad guys out during and after business hours.

Honey, lock the screen door

Companies like ChoicePoint, Time Warner and LexisNexis — our employers, our credit card processors, the keepers and sellers of our secret stuff — feel so very bad about those little privacy glitches that they’re giving violated individuals free subscriptions to an identity guard service.

It’s the least they could do.

Actually, it is. As far as I’m concerned, we should all get free identity guard subscriptions until the organizations that track our most sensitive financial information find a way to bulletproof their data. That’s not going to happen anytime soon. The path to profits is paved with paranoia. You’ll pay



anywhere from \$40 to \$120 to one of the credit reporting agencies to keep tabs on suspicious movements. (Yeah, our Credit Center sponsor sells one, too.) You can put a free fraud alert on your files, which will require a waiting period and verbal confirmation for new lines of credit applied for in your name, but in many instances those expire after a few months.

In the meantime there are less formal measures to cocoon your credit file. Here are our tips (as well as the FTC's) on how to avoid ID theft and what immediate actions to take if you do find that some bad guys got hold of your good name.

That is, if you have a credit file worth stealing. According to Borowitz's faux ID theft report:

In San Diego, at the annual convention of the National Association of Hackers and Identity Thieves, some of the nation's most prominent cyberthieves complained about what they called a serious decline in the number of identities worth stealing.

They called out for financial institutions to institute measures that would warn or "tag" particularly worthless identities, enabling hackers to focus their energies elsewhere.

Dayana Yochim has plenty of experience with grand theft auto but so far has kept her identity intact. The Motley Fool's disclosure policy is secured by The Club.

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