Identity Theft Trends and Prevention

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Identity Theft Trends and Prevention

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  - Must leave room and re-enter
• Take advantage of opportunities to provide feedback
  - Q-Cards & Ballot Boxes
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Identity Theft Trends and Prevention

Goals & Objectives

This course is designed to assist you in achieving the following objectives:

• Overview of Identity Theft
• Detecting Identity Theft
• Preventing Identity Theft
• Legal Issues
• Trends
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Agenda

1. Overview of Identity Theft
2. Techniques
3. Key Trends
4. Preventing Identity Theft
1. Overview of Identity Theft
What is identity theft?

• Current federal law defines identity theft as a federal crime when someone knowingly transfers, possesses, or uses, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet, or in connection with, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or local law.

• Translation: When a criminal has enough of your personal information to impersonate you, to commit fraud with existing accounts or to open & use new accounts in your name.
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Overview

How big is the problem?

- The FTC estimates that 9 to 10 million American identities are stolen every year
- The average time spent by victims resolving a problem is about 330 hours
- Individual costs range from $30 to thousands of dollars
- Corporate costs are not clear but can be in the thousands of dollars per record

Identity theft ring busted in New York

“Using financial information purchased from crooked bank insiders, a ring of thieves compromised the checking accounts of nearly 350 New York-based corporations, religious institutions, hospitals and schools, as well as city and state government agencies, to steal millions of dollars.”

Source: SC Magazine
Why do identity thieves want your information?

Identity theft remains a low risk, high reward crime, and not every motive is financial. Credit card fraud is still one of the most common forms of identity theft. The general types and motives of identity theft include:

- **Commercial**: Using a business name to obtain credit or steal phone/utilities services
- **Criminal**: To hide or disguise criminal activity
- **Financial**: To obtain goods and services or to launder money
- **Identity cloning**: Completely assuming someone else’s identity (especially for illegal immigration purposes or terrorism)
- **Medical**: Using stolen information to obtain medical care or drugs
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Overview

But identity theft is more of a problem for the banks, right?

Wrong. Consider the story of Michelle Brown, a victim of identity fraud who testified before a U.S. Senate Committee Hearing on Identity Theft.

“Over a year and a half from January 1998 through July 1999, one individual impersonated me to procure over $50,000 in goods and services. Not only did she damage my credit, but she escalated her crimes to a level that I never truly expected: she engaged in drug trafficking. The crime resulted in my erroneous arrest record, a warrant out for my arrest, and eventually, a prison record when she was booked under my name as an inmate in the Chicago Federal Prison.”
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2. Techniques
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Techniques

How does identity theft commonly occur?

**Low tech attacks:**
- dumpster diving
- stolen wallets/purses

**“Middle-tech” attacks:**
- phishing, social engineering, bought and sold in black markets

**High-tech attacks:**
- ATM skimming, discarded hard drives, hacking, RFID

And don’t forget accidental data disclosures by companies…
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Techniques

Would you have spotted this ATM skimming device?

The real card reader slot.

The capture device

The side cut out is not visible when on the ATM.
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2. Key Trends
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**Trend 1: Ever Increasing Regulation and Litigation**
- ID Theft “Red Flag” rules
- Data breach disclosure rules: Are they helping?

**Trend 2: The Business Side of Identity Theft**
- Organized crime goes Corporate

**Trend 3: More Sophisticated Attacks**
- Creative attacks

**Trend 4: Social Media is the New Privacy Sieve**
- Giving away too much information
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Trend 1: Ever Increasing Regulation and Litigation

The ID Theft “Red Flags” Rules

- Sponsored by the Federal Trade Commission. The act was passed in January 2008 but will not be enforced until June 1, 2010
- Requires creditors and financial institutions to implement identity theft prevention programs
- Requires institutions to identify and detect behaviors that could indicate identity theft
- Requires a response and mitigation to identity theft threats
- Sets a requirement to update the identity theft prevention program periodically
- Long-term effectiveness of this program is TBD
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Trends

Trend 1: Ever Increasing Regulation and Litigation (continued)

Plenty of Data Breach Disclosure Rules

• Almost every state has their own data breach notification laws
• Federal legislation is pending
• But are these laws helping? Not according to a 2008 Carnegie Mellon study:

“We find only a marginal effect of law. We estimate that the passage of law has reduced identity theft rate by about 2%.”

“Do Data Breach Disclosure Laws Reduce Identity Theft?” Sasha Romanosky, Rahul Telang, Alessandro Acquisti Heinz School of Public Policy and Management, Carnegie Mellon University
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Trend 2: The Business Side of Identity Theft

• Bulk ID theft is a multi-billion-dollar business but risk is also increasing for the criminals
• Stolen identities have become commodities that are bought and sold in covert marketplaces, resulting in a glut of data
• Officer titles and business-style hierarchies have developed
• According to the Verizon 2009 Data Breach Investigations Report: The value associated with selling stolen credit card information dropped from between $10 and $16 per record in mid-2007 to less than $0.50 per record today
• But the top underground product is the "full info card," including name, passport, Social Security number, credit cards, date of birth and mother's maiden name. Price for this package can reach $1000
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Trend 3: More Sophisticated Attacks

- ID theft rings are international
- Closing a financial account isn’t always enough
- Sophisticated attack tools: Zeus, Private Banker
- Multifactor authentication defense only raises the bar
- Even phishing attacks have become more sophisticated
  - “Spear phishing”
  - Whaling
  - SMiShing and Vishing
  - Spell checked!
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Trends

Trend 4: Social Media is the New Privacy Sieve

- Users volunteer too much information (vacation schedules, GPS locations)
- Twitter & Facebook leak more information about you than you think
- Adjusting privacy settings does not always work as advertised
- Fake user identities are being used to trick users into giving up even more information
- Rogue Facebook “widgets” like Secret Crush can introduce spyware
- Malware like the koobface virus can take over your account
- Social media tools are vulnerable to phishing attacks
- Twitter-style shortened web links like Bit.ly and TinyURL can disguise malware sites
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Ten ways to safeguard your identity

1. Regularly review billing statements and credit reports
2. Use a crosscut shredder on ALL financial documents
3. Be cautious on the Internet
4. Use strong passwords and change them often, do not write them down
5. Watch for “Skimmers” at ATMs and other points of sale
6. Keep an inventory of important cards, numbers, contacts
7. Don’t store sensitive information on PC Drives, PDAs, etc.
8. Use fraud alerts and credit freezes
9. Keep track of your credit card in restaurants and retail stores
10. Protect your personal information (SS #, etc.)

• **Fact:** Most victims of ID theft have no idea *how* their information was stolen
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ID Theft Prevention Tips

What information is considered “sensitive”?

- Social Security Numbers
- Bank account or credit card numbers
- Mother’s maiden name
- Driver’s license number
- Insurance policy numbers (medical and auto)
- Date of birth
- State or employee identification number
- Passwords & pins
- Sometimes even simple information like home address…
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ID Theft Prevention Tips

What else can I do to protect myself?

- Sign up for proactive credit monitoring services
- Run anti-spyware and anti-virus protection on your computer
- Keep personal PCs patched and up-to-date
- Use a single credit card online and monitor statements carefully
- Don’t forget your traditional home mailbox
- Be aware of the latest scams, but also use your common sense:
  - You did not win a lottery you never entered
  - Some rich guy overseas does not need your help “moving” money
  - Credit card companies do not “verify” your information via email
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ID Theft Prevention Tips

What should I do if I have a problem…
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ID Theft Prevention Tips

Citi Identity Theft


Citi Identity Monitor

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ID Theft Prevention Tips

Summary:

– Safeguarding your Identity protects your finances, your reputation and your family.

– You don’t always have to play defense, so know where to turn for assistance, training and resources.

– On the Internet, when in doubt, DON’T!
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