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Nowhere to Turn: Victims Speak Out on Identity Theft

A CALPIRG/Privacy Rights Clearinghouse Report May 2000

by Janine Benner, CALPIRG; Beth Givens, Privacy Rights Clearinghouse; and Ed Mierzwinski, USPIRG.

For paper copies of this report (20 pages), send \$15.00 to:

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Please contact CALPIRG or Victims of Identity Theft (VOIT) at: www.pirg.org/calpirg or (310) 397-3404

Contact information for Privacy Rights Clearinghouse:

Privacy Rights Clearinghouse
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(619) 298-3396
prc@privacyrights.org
www.privacyrights.org

To contact the PRC's identity theft support group, Identity Theft Resource Center: voices123@att.net

Nowhere to Turn: Victims Speak Out on Identity Theft A Survey of Identity Theft Victims and Recommendations for Reform

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ASSEMBLY JUDICIARY

DATE: 4/23/03 ROOM 3138 EXHIBIT 6

SUBMITTED BY: Lynn Chapman

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- § Forty-five (45%) of the victims consider their cases to be solved; and it took them an average of nearly two years, or 23 months, to resolve them. Victims (55%) in the survey whose cases were open, or unsolved, reported that their cases have already been open an average of 44 months, or almost 4 years.
- § Three-fourths, or 76%, of respondents were victims of "true name fraud." Victims reported that thieves opened an average of six new fraudulent accounts; the number ranged from 1 to 30 new accounts. [iii]
- § The average total fraudulent charges made on the new and existing accounts of those surveyed was \$18,000, with reported charges ranging from \$250 up to \$200,000. The most common amount of fraudulent charges reported was \$6,000.
- § Victims spent an average of 175 hours actively trying to resolve the problems caused by their identity theft. Seven respondents estimated that they spent between 500 and 1500 hours on the problem.
- § Victims reported spending between \$30 and \$2,000 on costs related to their identity theft, not including lawyers' fees. The average loss was \$808, but most victims estimated spending around \$100 in out-of-pocket costs
- § Victims most frequently reported discovering their identity theft in two ways: denial of either credit or a loan due to a negative credit report caused by the fraudulent accounts (30%) and contact by a creditor or debt collection agency demanding payment (29%).
- § Victims surveyed reported learning about the theft an average of 14 months after it occurred, and in one case it took 10 years to find out.
- § In one-third (32%) of the cases, victims had no idea how the identity theft had happened. Forty-four percent (44%) of all the victims had an idea how it could have happened, but did not know who the thief was. But in 17% of the cases, someone the victim knew -- either a relative, business associate, or other acquaintance -- stole his or her identity.
- § Victims reported that all of the credit bureaus were difficult to reach, but the hardest one to get in touch with, and the one about which most negative comments were made, was Equifax. Over one-third of the respondents reported not being able to speak with a "live" representative at Equifax or Experian despite numerous attempts. Less than two-thirds felt that the credit bureaus had been effective in removing the fraudulent accounts or placing a fraud alert on their reports. Despite the placement of a fraud alert on a victim's credit report, almost half (46%) of the respondents' financial fraud recurred on each credit report. [iv]

6 July

- § All but one of the respondents contacted the police about their cases, and 76% of those felt that the police were unhelpful. Law enforcement agents issued a police report less than three-fourths of the time, and assigned a detective to the victims' cases less than half of the time. Despite the high rate of dissatisfaction with law enforcement assistance, 21% of the victims reported that their identity thieves had been arrested, often on unrelated charges.
- § Thirty-nine percent (39%) of the victims reported contacting the postal inspector about their cases, and only 28% (7 out of 25) of those respondents found the post office helpful. Only four of the respondents reported that the postal inspector placed a statement of fraud on their name and address.
- § Forty-five percent (45%) of the respondents reported that their cases involved their drivers' licenses. For example, the license had been stolen and used as identification, or the thief had obtained a license with his or her picture but containing the victim's information. Fifty-six percent (56%) of the respondents contacted the Department of Motor Vehicles, and only 35% of those found the DMV helpful.
- § Forty-nine percent (49%) of the respondents contacted an attorney to help solve their cases. Forty-four percent (44%) of those people found their attorney to be somewhat helpful. Many consumers contacted attorneys at public interest law firms and received advice for free.

Attorneys' fees ranged from \$800 to \$40,000.

- § Respondents reported that the most common problem stemming from their identity theft was lost time (78% of consumers identified this problem). Forty-two percent (42%) of consumers reported long-term negative impacts on their credit reports, and 36% reported having been denied credit or a loan due to the fraud. Twelve percent (12%) of the respondents noted as a related problem that there was a criminal investigation of them or a warrant issued for their arrest due to the identity theft.

Lawyer loses case over theft of identity

RJG

April 17, 2002

SAN FRANCISCO (AP) — A Mendocino lawyer has lost his fight against the Department of Motor Vehicles after his identity was stolen and his credit rating damaged.

In 1999, Rodney Jones learned a DMV office in Southern California issued a duplicate driver's license to someone claiming to be him.

It should have been easy enough to tell them apart, Jones figured. For one thing, he is white and the applicant was black.

Jones says the DMV took three months to issue him a new license — while the impostor was applying for credit and buying goods in his name — and has refused to this day to tell him who got the license, citing privacy concerns.

Jones sued the DMV for his expenses and the harm to his credit rating. On Friday, he lost his appeal.

State laws requiring the DMV to determine the accuracy of license applications fall short of creating any legal duty to a defrauded license-holder, the appeals court said. It cited a law saying the DMV "may require the applicant to produce any identification that it determines is necessary," a decision left up to the agency's discretion, the court said.

"There is absolutely no indication in the statutes that the Legislature intended them to protect against the risk of injury caused by identity theft," wrote Presiding Justice James Marchiano. The court upheld Mendocino County Superior Court Judge Vincent Lechowick's dismissal of the suit.

"It means there is no law that will allow citizens to protect themselves and get reforms," Jones said. "My view is that either they impose a duty on the DMV or you're saying vending-machine dispensing of licenses is fine."

Jones said he traced the impostor through other sources and was able to avoid major financial harm by contacting credit agencies quickly, but other victims of identity theft are often less fortunate.

Driver