Protecting Yourself from Fraud

Including Identity Theft

Advanced Level

Fraud is an intentional effort to deceive another individual for personal gain. Fraudulent theft of your identity can wreak havoc on your life resulting in arrests for crimes you did not commit, damage to your financial security, tarnished credit reports. In some cases it can even compromise your health. Other types of fraud involve deception in an effort to sell over-valued or ineffective products. Some of the most common types of fraud include:

Identity theft:

- This type of fraud occurs when your personal and financial information is used without your permission. Identity thieves may use your personal information to apply for credit or employment, make purchases for goods or services, acquire new bank or credit accounts, or apply for a driver's license. If a person using your identity is halted for a traffic violation or arrested, it goes on your record.

Communications:

- This fraud strikes when thieves fraudulently use mass marketing, mailings, telephone solicitations and other forms of communications to try and extract money directly from you, or to trick you into giving them your personal information, account numbers, personal identification numbers and passwords.

Tax:

- Tax fraud involves scammers making claims that you might be exempt from filing tax returns and/or offering to file your tax return in exchange for your personal information.

Investment:

- In this type of fraud, investors are deceived by people claiming to be financial advisors or claiming to have an investment that is guaranteed to make you money.

Credit:

- Credit card fraud occurs when a thief uses your credit card number to make purchases. Another common example of credit fraud involves foreclosure assistance firms that claim they can help struggling homeowners save their home from foreclosure or lower their mortgage payments in exchange for an advance or monthly fee.

There are many common sense, no-cost measures you can take to protect yourself against identity theft and fraud, but you have to take control and responsibility to protect yourself.

Do you know anyone who has been a victim of fraud? How did it affect them?

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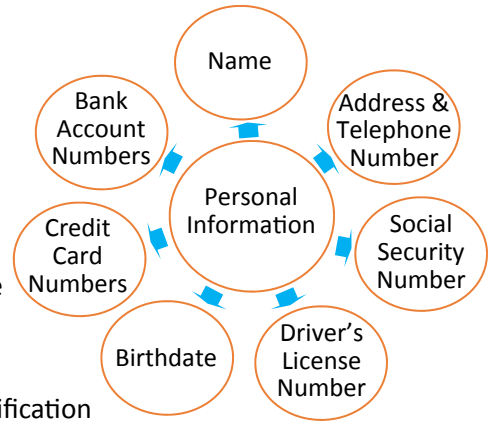
How Does Fraud Occur?

Scammers are people who take advantage of your willingness to trust others. Most scammers start by building a level of trust with you. They may make a promise to deliver a product or service in exchange for money they will ask you to pay upfront. Some scammers are so good at what they do that you feel very comfortable giving away your personal information. Next thing you know the scammer has your name, address, phone number, and maybe even your social security number and other financial information. Scammers are professional thieves. Being aware of their techniques and operations will help ensure your financial well-being and security



These thieves can access your personal information in a variety of ways. The thief might:

- Steal a purse/wallet, personal records from a workplace, mail, including information carelessly discarded in the trash or recycling bin.
- Divert mail by completing a change of address form at the Post Office to have all of your mail delivered to them. By doing this they raise the chance of obtaining bank statements, credit card information and other personal details that can be used for the thief's benefit.
- Skim your credit and debit card information, including your personal identification number (PIN), by attaching a device to card processors or ATM machines.
- Phish for personal information by pretending to be a company or depository institution requesting sensitive information from you via email.
- Hack your computer or install spyware to monitor your internet use, send you pop-up ads, and redirect your computer to other sites.

Protecting Yourself from Fraud

You are better off being in a community than by yourself. The government creates and manages agencies that are designed to protect you from fraud. The Federal Trade Commission (FTC) is the nation's consumer protection agency. It collects complaints filed by consumers regarding identity theft and many types of unsavory business practices. In addition, to protect consumers from unfair, deceptive or abusive financial transactions, the Consumer Financial Protection Bureau (CFPB) was created by Congress in 2010. The CFPB wants to hear consumers' viewpoints on ways to provide effective, safe and affordable access to consumer financial products. It also invites consumers to submit a complaint about a consumer financial product or service, at which point the agency will forward the complaint to the company and work to get a response (www.consumerfinance.gov/complaint).

But, you are also responsible for yourself. Government agencies can do a lot to protect you from fraud, but the best way to avoid fraud is to be alert to the risk and protect yourself. Here are a few basic guidelines to help protect you and your personal information:

Evaluate a situation before giving away money or personal information

- Don't give out personal information over the phone, through the mail or on the Internet unless you've initiated the contact and are sure you know with whom you are communicating.
- Before providing any personal information requested in an email or on a phone call verify the source.
- If you are unsure of a company requesting money or personal information check that company's history with the Better Business Bureau.

What are three things you can begin doing today to protect yourself from fraud?

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TAKE CHARGE AMERICA NON-PROFIT CREDIT COUNSELING

Protecting Yourself From Fraud Continued…

Protect your personal information

- Don't carry your Social Security card with you. Store it in a secure location.
- Sign the back of your credit and debit cards with signature and "Please See Picture ID."
- Memorize your debit card PIN number. Think of an unusual combination of numbers to use for your PIN and not a familiar combination such as your birthdate or street number.
- Shred all personal documents before discarding them.
- Use a fireproof safe to keep personal records.
- Use your local post office to mail your bills and other documents. Your personal mailbox is not very secure.
- The internet, including all the social network sites, offers easy venues on which to share personal information. Be careful never to post your Social Security number, address, phone number, birth date, or any financial information.

Monitor your financial information

- To minimize fraud and lessen damages caused by identity thieves monitor your financial information (credit statements, bills, and depository institution statements) on a regular basis. Noticing suspicious activity or postings early can help you catch fraud quickly.

Be careful when using the Internet

- Before giving out any personal or financial information on a website, look for the letters "https" or a picture of a lock either after the URL or in the bottom right hand corner of the page. These two indicators signify the site is secure. Only give out personal information when purchasing from a secure site.
- Use a credit card instead of a debit card when making online purchases. Credit cards have additional fraud protection.
- Keep usernames and passwords safe. Choose a combination of letters, numbers, and symbols not easily identified. Use different usernames and passwords for different sites and change them regularly. Select security check questions with answers only you would know or items that cannot be easily researched such as your mother's maiden name, school name, etc.
- Do regular searches of yourself checking to see if your name, picture or other personal information is being used by someone else.
- Remember that once information is posted online, it cannot be taken back. Even when information is deleted, older versions may still exist on other computers and can be circulated online.
- Use privacy settings on social networking sites, blogs, and other sites to restrict who is able to view your information.

Check your credit reports for errors

- You can request a free credit report from a national credit reporting agency once every 12 months. If you get the reports at the same time, you can determine whether there are any errors across the bureaus. By requesting the reports separately, you can monitor your credit file at no cost more frequently throughout the year. Immediately file a dispute if inaccurate information is reported.

Practice electronic device safety

- Use anti-virus and anti-spyware software and update these security programs regularly.
- Do not click on links found in pop-up advertisements or in suspicious email. Only download software from trusted websites.
- Watch for strange actions that might indicate a computer is infected with spyware. You might see a stream of pop-up ads, unexpected toolbars or icons on the computer screen and random error messages.

Credit and debit cards are protected from fraud:

- Credit cards: A credit card cardholder's maximum liability for unauthorized use of a credit card is $50. If loss of a credit card is reported before the credit card is fraudulently used, the cardholder has no personal liability for unauthorized charges. If the credit card number is used fraudulently, but the credit card itself is not used, the cardholder has no personal liability.
- Debit card: Personal liability for unauthorized use of a debit card depends on how quickly the loss is reported as well as the policies of each depository institution. Personal liability can be $0, $50 (with 2 days), $500 (within 60 days), or unlimited (after 60 days). Monitor your information and report any fraudulent uses or suspicions immediately.

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Fraud Protection Services

Depository institutions, credit card companies and other businesses offer various types of fraud protection. Fraud protection may be included in a purchase, offered as an addition to a purchase or purchased independently. Services may include:

- Fraud monitoring and detection
- Cost recovery if fraud occurs
- Legal counsel if fraud occurs

You are your best advocate. You can perform many of the services provided by fraud protection services at no cost if you educate yourself on what to look for and who to contact should a problem arise.

If you are considering purchasing fraud protection, research exactly what is covered and your total cost. Even if the service is free, conduct research to ensure the company's legitimacy.

Would you purchase a fraud protection service? Why or why not?

What to do if you are a Victim of Fraud

If you think you are a victim of fraud it is of utmost importance to immediately report it to the authorities. This minimizes any damages to your financial stability and well-being. Learn to recognize fraud by watching for signs such as:

- A business that has taken your money but hasn't fulfilled their promises/obligations or won't return your attempts to contact them
- Unfamiliar or unrecognizable charges on your financial accounts
- Being denied credit when all requirements say you should qualify
- Anticipated mail (such as bills or account statements) is not being delivered to your personal mailbox
- Your credit report contains incorrect information If you are a victim of fraud, act immediately and keep a detailed record of all correspondence regarding the fraud and your efforts to repair the fraud.

The Stop Fraud website will tell you which agency to report to and provide specific tips depending on the type of fraud.

If you are a victim of fraud, act immediately and keep a detailed record of all correspondence regarding the fraud and your efforts to repair it.

Fraudulent activities should be reported to your local law enforcement office. Fraud should also be reported to the appropriate federal agency depending on the type of fraud. The Stop Fraud website is sponsored by the government and includes a detailed list of where each type of fraud should be reported (http://www.stopfraud.gov/report.html). Depending on the type of fraud, the government agency may provide additional tips or actions for helping repair the specific type of fraud.

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The following table identifies a few of the most common government agencies and how each agency protects you:

Government agency	How the agency protects consumers	Types of fraud to report to this agency **Review the Stop Fraud website to determine which agency to report your particular fraud to*	Website
Federal Trade Commission (FTC)	○ Prevent business practices that are anticompetitive, deceptive or unfair to consumers ○ Enhance informed consumer choice	○ Identity Theft ○ Communication ○ Credit	www.ftc.org
Consumer Financial Protection Bureau (cfpb)	○ Make markets for consumer financial products and services work for Americans — whether applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products.	○ Credit	www.consumerfinance.gov
Federal Drug Administration (FDA)	○ Protect the public health	○ Health/Medical	www.fda.org
Federal Communications Commission (FCC)	○ Regulate interstate and international communications by radio, television, wire, satellite and cable	○ Communications	www.fcc.gov
US. Securities and Exchange Commission (SEC)	○ Protect investors and maintain fair, orderly, and efficient financial markets	○ Investment	www.sec.gov/
Internal Revenue Service (IRS)	○ Enforce tax laws	○ Tax	www.irs.gov
Federal Bureau of Investigation (FBI)	○ Protect the United States and its citizens	○ Credit	www.fbi.gov

Government agencies work to protect you from fraud. However, you are responsible for yourself. You are your best advocate. The best way to avoid fraud is to educate and protect yourself.

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