

**ISSUE #17 – 3<sup>rd</sup> Quarter 2006**

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**Criminal ID Theft**

The police are on your doorstep late one night wanting to know if you were arrested 10 years ago for drug violations. You think this must be a prank!

After further discussions with the police officer, you realize you are the victim of criminal ID theft. Someone has used your name and drivers' license number to create a new driver's license with their picture on it. Why is law enforcement knocking on your door 10 years later? Mr. Identity Thief never appeared in court and an arrest warrant was issued in your good name. Now, how do you clear it up?

1. Contact the arresting or citing police or sheriff's department where the crime took place. Explain you are the victim of ID theft and request an impersonation report be filed.
2. The police department can confirm your identity by taking your fingerprints, photographs, and identification documents and comparing those with any of these details they have on record of the imposter, including any records from original arrest or citation.
3. Once your identity is established, request a "clearance letter" or certificate of release. This document will need to be kept with you at all times in the event your identity comes into question in the future.
4. To determine if someone has obtained a fraudulent drivers license in your name, contact your local DMV and request a copy of your drivers' license record. Also, ask if you can have your record flagged for fraudulent use.
5. To clear your name from court records, you'll need to find out which state law(s) can help you get a declaration of factual innocence. This action will change the name on any arrest records to the imposter's or John Doe and give you written verification to keep with you.

Finally, you may do all of the above, including go to the court located in the jurisdiction of the crime or arrest for further clearing of your name, deal with many different laws and administrative procedures, and still end up with more work to do. The process may end up taking quite some time depending on where the crime or arrest took place, what type of false records are in your name, and how successful you are in proving your identity. In some cases, you may need to hire a criminal attorney to help you resolve the matter.

**Did you know?**
**Data Breach Immediate Action Items**

The personal information of 26.5 million veterans was stolen from an employee of the Veterans Affairs Department home in May, exposing all veterans discharged after 1975 to identity theft. This latest data breach is just one of many recent incidents. In this case, and any similar case that you find your information may fall into the wrong hands, you should:

Immediately place a free fraud alert on your credit files. You can do so by calling any of the three credit reporting agencies:

Equifax: 1-888-766-0008; [www.equifax.com](http://www.equifax.com)  
 Experian: 1-888-397-3742; [www.experian.com](http://www.experian.com)  
 TransUnion: 1-800-680-7289; [www.transunion.com](http://www.transunion.com)

Be diligent about checking your credit reports at least once a year to make sure there are no new accounts opened in your name. You can order a free credit report from each of the credit reporting agencies by visiting: [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling 1-877-322-8228.



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## Beware of Credit Repair Scams

Being in debt is scary. Even more overwhelming is the looming task of climbing out of debt and getting your finances back in order. Can a consumer credit counselor help? Yes, but beware of credit repair shops that are more interested in taking your money than fixing your credit. A good credit counselor will evaluate your entire financial situation and work to find a suitable arrangement for you and not a generic plan offered to everyone that may actually harm your credit more. A good credit counselor also knows that there is only one way to improve your credit...paying off your bills in a timely manner. There is no 'magic wand' that can be waved to erase debt or bad credit history in your name. The first step to distinguish between a credit repair scam and a reputable credit counselor is to know that they both exist, and the second step is to research the company you are considering to use.

### Credit Repair Scam vs. Credit Counselor

Repairing your credit can be accomplished on your own for free or minimal costs. So, why would you pay hundreds of dollars to have someone else do it? High fees can be the number one red flag that the credit repair company you are considering is only out to make money. Also, it is against the law (Credit Repair Organizations Act) for a credit repair agency to require advance payment for services. Most reputable credit repair agencies will only request, on average, a small one-time fee and an ongoing monthly fee of around \$12 per month. You should really only be paying someone to help you reconfigure and organize your debt into a manageable schedule that will help you comfortably pay back your debts on time.

When you do pay the fee, make sure you are clear where the fee is going and when beginning payments will be made towards your debt. Not-so-reputable repair shops will use your first payment as their commission and pay nothing towards your debt. Also, be sure they set the monthly payment schedule in conjunction with your debt due dates. Late payments are the leading cause of a bad credit score.

If you feel the credit repair counselor is only trying to sell you a debt management program, hang up. There is no product that can erase your bad debt and no set program that will work for everyone. One benefit of a good credit counselor is their expertise. A good credit counselor can tell you whether or not you actually need assistance and what steps you may be able to take on your own to get a handle on your existing credit or bad credit history.

### How to find a reputable credit counselor

- Look through the government approved list. Anyone filing for bankruptcy must enter into a government approved credit counseling program and you can view their list at: [www.usdoj.gov/ust](http://www.usdoj.gov/ust).
- The National Foundation for Credit Counseling has over 1,000 member agencies and you can find one through their website: [www.nfcc.org](http://www.nfcc.org).

### How to spot a credit repair scam

- 1) Over the top fees: Anything over \$10-\$20 per month is most likely a scam. If they are charging an arm and a leg, it is most likely going into their pocket.
- 2) Hard sell strategies: If you feel you are only being offered a product and not a service, you should continue your search for a reputable credit counselor.
- 3) No options: A true credit counselor will help find a plan for you and your individual situation, whereas, a credit repair scammer will have only one debt management plan to offer everyone.
- 4) Solicitations: If someone calls you and offers you a debt management program, hang up! They most likely wouldn't be calling if they were not receiving a commission. Further, you should always be wary of anyone that calls you.

### Don't be afraid to ask for help

Too scared now to ask for help from a credit counselor? Don't be. Just shop smart and know that the only way to repair your credit history is to pay off your bills and pay them on time. A credit counselor can be a good thing if they have your best interests in mind. Or, you can always do a little homework and repair your credit on your own.

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