

Fraud-Proofing Your Credit Union



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2008 Predictions

Predictions for 2008:

- There will be a continuation of contradictory studies with less agreement on victim census, cause and effect, facts and overall cost of identity theft. This will lead to confusion, misguided legislation and governmental actions.
- We only have to look at the papers to see that thieves are getting younger and younger. Recently two people in their early 20's were arrested, in possession of sophisticated forgery equipment.
- There will be an increase in the number of breaches due to poor information handling policies and practices.
- On the positive side, ITRC believes that businesses will develop and implement better ways to authenticate the identity of applicants including Internet and telephone applications.



2008 Predictions

- There will be a higher recognition of identity theft as a crime by law enforcement. This will lead to more reports written to assist victims in taking advantage of state and federal victim recovery rights.
- There will more legislative action on the issue of identity theft, including limiting the use of Social Security Numbers.
- Identity theft will continue to grow more international in scope. Scams will become more sophisticated and will be harder to detect, as thieves become more industrious and skilled at designing viruses, Trojans and ways to trick you into divulging personal identifying information.

- Source: From Identity Theft Resource Center
- **2007 Trends and Predictions**
- Dec 18, 2007 - 1:28:07 PM



Studies and Trends - Identity Theft Increasing?

	2007	2006
Canadian victims	9,972	14,251
Value of Loss reported	\$ 6,431,000	\$15,752,000
USA Victims	66	105
USA Dollar Loss	\$221,000	\$130,000

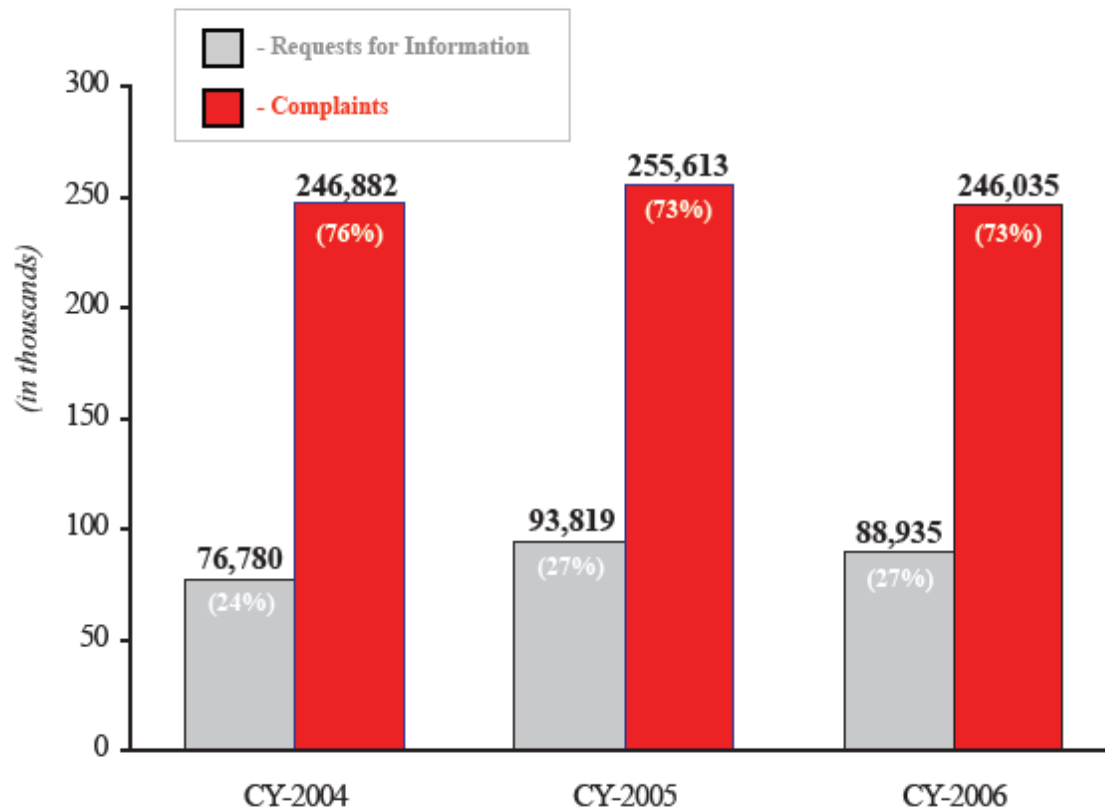
Source: Phonebusters:
Statistics: April 2007
www.phonebusters.ca



Studies and Trends - Statistics US



Figure 3
Total Identity Theft Records by Calendar Year¹



¹Percentages are based on the total number of identity theft records by calendar year.

Studies and Trends - Accountability

- “There is no reliable way for consumers, regulators and businesses to assess the relative incidence of identity fraud at major financial institutions.
- This lack of information prevents more vigorous competition among institutions to protect accountholders from identity theft.
- Source: Chris Hoofnagle. [Measuring Identity Theft at Top Banks](#); University of California, Berkeley, 2008.



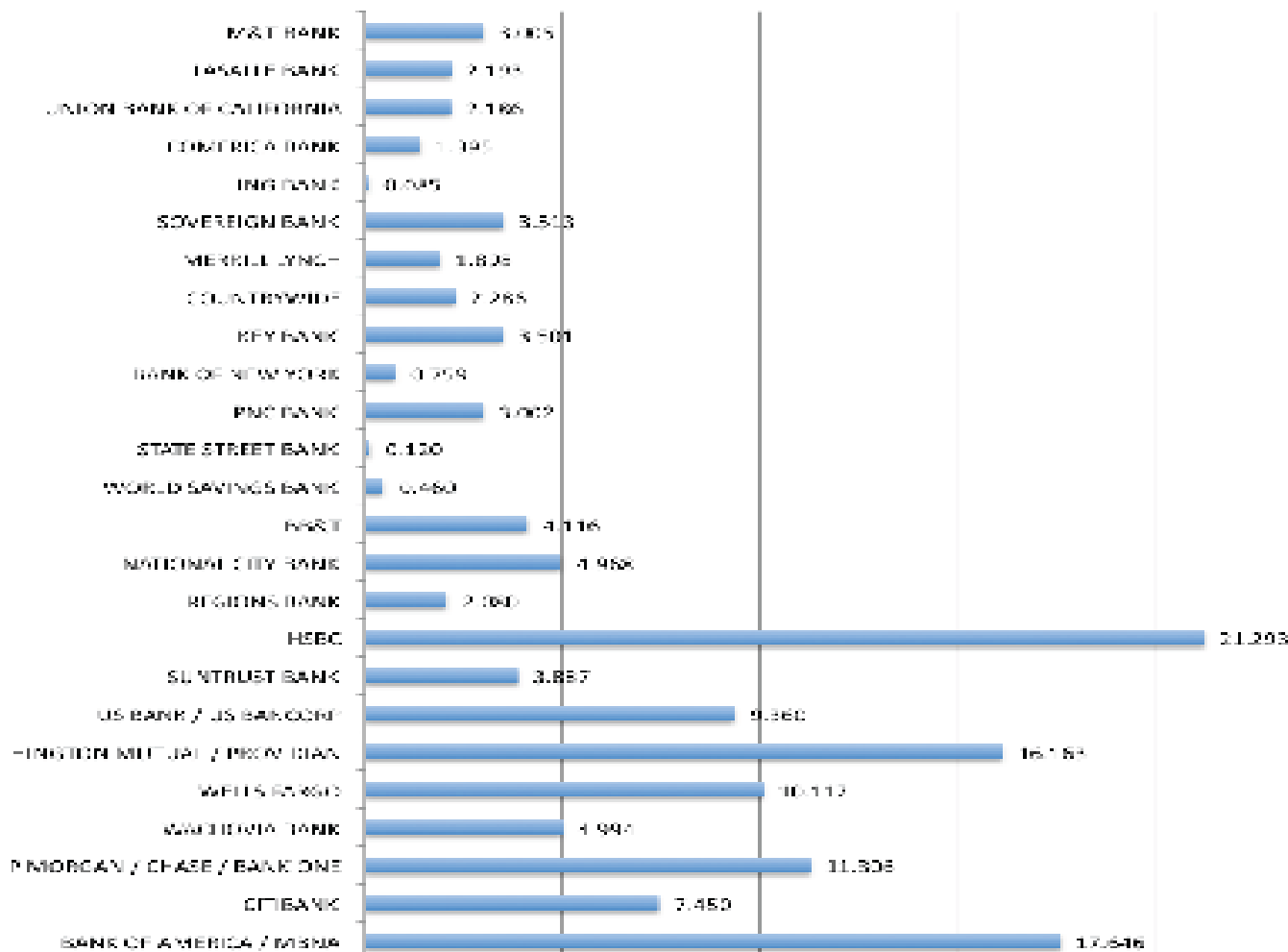
Studies and Trends - Accountability

- As part of a multiple strategy approach to obtaining more actionable data on identity theft, the Freedom of Information Act was used to obtain complaint data submitted by victims in 2006 to the Federal Trade Commission.
- This complaint data identifies the institutions where impostors established fraudulent accounts or affected existing accounts in the name of the victim.
- The data shows that some institutions have a far greater incident of identity theft than others.”



Measuring Identity Theft at Top Banks

**Estimated Annual Incidents Per Billion in Deposits
Among Largest US Banks (2006)**



Studies and Trends - Accountability

- “In order for the market to effectively address the ongoing identity theft epidemic, consumers need reliable information about incidence of the crime among institutions. If data were available on this crime, consumers could choose safer institutions, regulators could focus attention on problem actors, and businesses themselves could compete to protect consumers from this crime. “



Identity Thieves in Your Community

- Surrey RCMP have busted an identity theft ring, seizing a stunning volume of personal information on tens of thousands of people.
- A man and a woman have been charged, and charges are pending against five others in what police called the biggest bust of its kind in Surrey.
- Included in the seized material from the basement suite at 141st Street and 72A Avenue were 100 computer discs holding personal information such as addresses, names of spouses and children and salary. One disc had as many as 20,000 profiles.
- They (Surrey RCMP) confiscated three boxes of ICBC registration and licence information, unopened stolen mail, credit-card making equipment, debit-card terminals, embossers, magnetic strips, blank cards, equipment to make counterfeit bills and enough forged mail keys to fill a medium-sized gym bag.



Identity Thieves in Your Community

- They (Surrey RCMP) also found Canada Post uniforms and satchels.
- "It's not only from people's mailboxes, it's from all manner of locations," said RCMP Sgt. Roger Morrow.
- He said the data may have come from thefts from vehicles, homes and businesses, and through improper disposal by businesses.
- Delivered mail, dating back to 1998, was stolen from 24 cities in B.C. and Alberta.
- A sawed-off rifle and 225 grams of crystal meth were also seized in the raid on Feb. 12.
- Lillian Au of Canada Post said the counterfeit keys were based on outdated technology and won't work on locks being replaced in a \$29-million replacement program begun in 2006 to combat theft.



Identity Thieves in Your Community

- An increasing number of young people are using crystal methamphetamine, commonly known as crystal meth. It is one of the most addictive street drugs and among the hardest to treat. Users may suffer brain damage, including memory impairment and drug induced psychosis.
- Crystal meth is also a danger to the community as its production almost always involves organized crime with ties to gun and gang activity.

- Source: Ministry of Community Safety and Correctional Services
- [McGuinty Government Invests \\$2 Million To Combat Crystal Methamphetamine Operations.](#) Source: Government of Ontario news release, June 25, 2007.



Identity Thieves in Your Community

- Illicit methamphetamine (crystal meth) labs pose health and safety risks to Ontario citizens. Since June 2006, six super labs have been dismantled in Ontario (Durham, Peel, Sault Ste. Marie area, Stokes Bay and Haliburton).
- Source: Ministry of Community Safety and Correctional Services
- [McGuinty Government Invests \\$2 Million To Combat Crystal Methamphetamine Operations.](#) Source: Government of Ontario news release. June 25, 2007.



Information Handling Policies and Practices

- “As many of you are aware, _____ Credit Union was recently the victim of a theft when a secured container holding our backup tapes was stolen from the external courier we use. While access to the data is unlikely and we have no reason to suspect that any of the tapes have been accessed, the incident reinforces the need for increased caution and diligence at every level.
- We have taken many measures in response to the incident to protect our members and clients, including the introduction of stronger security measures and monitoring on credit cards and accounts. And while our practices were consistent with industry norms, we also implemented changes in how we store and transport electronic data.”



Member protection

- Are your records secure?
- Is your data secure?
- Is your data secure in transmission?
- Is your data secure at rest?



Improved Authentication

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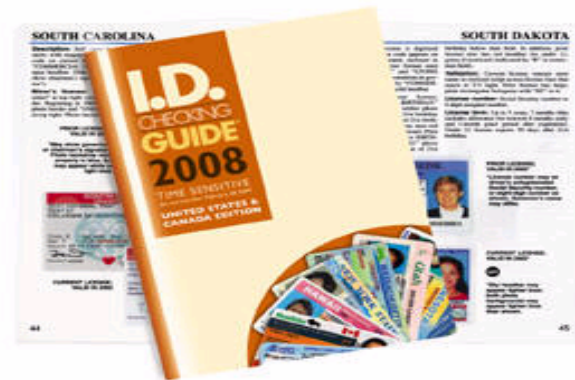
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Recognition of ID Theft as Crime

- Bill C-27 SUMMARY
- This enactment amends the *Criminal Code* to create a new offence of identity theft, of trafficking in identity information and of unlawful possession or trafficking in certain government-issued identity documents, to clarify and expand certain offences related to identity theft and identity fraud, to exempt certain persons from liability for certain forgery offences, and to allow for an order that the offender make restitution to a victim of identity theft or identity fraud for the expenses associated with rehabilitating their identity



Use of SIN numbers

- Growth in fictitious ID Fraud



International Growth

- E-commerce and Internet Fraud



Credit Risk Management

- Mortgage Fraud



Member Resources

Address  http://www.privcom.gc.ca/id/primer_e.asp



Office of the
Privacy Commissioner
of Canada

Commissariat
à la protection de
la vie privée du Canada

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March is Fraud Prevention Month Protect your Identity



Identity Theft – A Primer

Identity theft has been called "the crime of the 21st century." It claims millions of victims across North America each year. Total losses from this crime are in the billions.

A single piece of your mail can be invaluable to a thief, who can use it to begin impersonating you and committing crimes in your name. Fraudsters use stolen names, addresses and birth dates to apply for credit cards and loans, and to open bank accounts in your name.

The impact on victims can be devastating. They can be left on the hook for debts that are not theirs. They often wind up spending hours and hours trying to clear their good names. Identity theft is an enormous violation of an individual's privacy.

What is identity theft?

Identity theft – or perhaps more accurately, identity fraud – occurs when someone uses your personal information, your Social Insurance Number (SIN) or birth date, for example, to pose as you and then apply for credit cards and loans, open bank accounts to write bad cheques and to get new government documents such as driver's licences and SIN cards.

Credit Union Central BC

Member Resources

[Consumer Measures Committee](#)

[SafeCanada.ca – Identity Theft Questions and Answers](#)

[PhoneBusters](#)

[Reporting Economic Crime Online](#)

[Privacy Rights Clearinghouse](#)

[The Anti-Phishing Working Group](#)



Member Resources

[Onguard-Online Identity Theft Quiz](#)

[Council of Better Business Bureaus ID Fraud Safety Quiz](#)

[Privacy Rights Clearinghouse Quiz: Identity Theft IQ Test](#)

[Privacy Rights Clearinghouse Quiz: Identity Theft IQ Test – Interactive Version](#)

[SonicWALL Phishing IQ Test](#)



Conclusions

1. There are many predictions about the future impact of identity theft/fraud and how it may affect your members.
2. Your credit union can take action to affect the accuracy and impact of those predictions with respect to your members.
3. Review your credit union's information handling policies and practices
4. Those actions will also affect the exposure of your credit union to new account fraud and mortgage fraud.



Thank You!



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