

# IDENTITY THEFT

A RESEARCH REPORT

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*...from the Director*

For many victims of identity theft, the emotional toll can be devastating. This is especially true for those with limited incomes and resources, such as the elderly. The first thing that is usually done for a crime victim is to get that person to a safe place. For an identity theft victim, there is no safe place. The phone continues to ring, or there may be a succession of threatening letters from debt collectors.

The response to identity theft needs to occur at many levels. Recently, legislation has been enacted at the federal and state levels to better address this issue. Data is being collected by the Federal Trade Commission to monitor the nature and extent of this crime. Law enforcement agencies and the courts should be educated about this criminal activity and actively prosecute offenders. Financial institutions and credit card companies need to be encouraged to put in place appropriate alerts to detect suspicious activity and to make it easier for victims to resolve a theft of identity.

This report is based on two studies of Texas residents who have been victims of Identity Theft. It is our hope that this information will both educate the reader and lead to new initiatives to reduce identity theft in our state.

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## EXECUTIVE SUMMARY

Identity theft is one of the fastest growing crimes in the United States. In 2004 alone over 9.3 million Americans were reported to have been a victim of some form of identity theft leading to costs estimated to be over \$52.6 billion. In that same year Texas was ranked fourth in the number of identity theft victim complaints per 100,000 residents.

Identity theft refers to knowingly transferring or using, without lawful authority, any name or number that may be used to identify a specific person with the intent to commit or to aid unlawful activity that violates Federal Law or is a felony under any applicable State or local law. It includes check fraud, plastic card fraud (credit cards, check cards, debit cards, phone cards, etc.), immigration fraud, counterfeiting, forgery, terrorism using false or stolen information, theft of various kinds to obtain the victim's personal information, postal fraud, etc.

In 2004, the Federal Trade Commission disclosed that most reported incidents involved credit card theft, followed by phone and utilities fraud, bank fraud, employment-related fraud, loan fraud, and government documents or benefits fraud. Over half the victims were between 18 and 39 years of age. The Houston area and the Dallas-Fort Worth Metroplex ranked fourth and fifth nationally, among cities, for identity theft complaints per 100,000 inhabitants.

Two surveys were conducted to study identity theft in Texas. The first was a Texas Crime Victimization phone survey (CVS) of over 700 Texas residents, and the second was an Identity Theft Survey (ITS) mailed to a sample of 4,500 residents of this state. The following are some of the findings from these two studies:

- Most victims range in age from the late twenties to the mid-fifties.
- Over half of the victims were women.
- Racial and ethnic breakdowns varied between the two surveys; Caucasian victims comprised the largest group of victims in both surveys, followed by African-American and Hispanic victims in approximately equal percentages.
- College-educated persons are more likely to be victims of identity theft than are non-college educated.
- Most victims come from households with an income above \$30,000 per year.
- The most common type of identity theft reported involved the misuse or opening of a credit card account in the victim's name.
- 31% of the victims who responded to the ITS noted that a bank account in their name was opened or misused as a result of identity theft.
- Only 8% of the victims in the ITS reported telephone or utilities accounts fraud. The finding for utilities account theft (including cellular and internet service) accounted for nearly 13% of all identity theft cases among CVS victims.
- 14% of victims discovered the problem by noticing suspicious charges on credit card bills.
- 22% noticed a discrepancy on a bank statement.
- 20% of the victims found out about the theft when they were told by a collection agency that they were in default of payment on an account of which they were unaware.
- 28% were informed when a bank or other financial institution noted unusual charges had been made to their existing account or made reference to an account unknown to the victim.
- 14% of victims found out by obtaining a copy of a credit report.
- 10% of victims had their wallets or purses stolen.
- 4% of the victims discovered the identity crime after a law enforcement agency contacted them.
- 84% of victims spent fewer than 10 days to resolve the identity theft.
- 50-60% of victims reported the crime to the police, which is higher than the national average.
- 76-83% of victims reported the theft to a financial institution.
- Fewer than 6% of victims reported the crime to the Federal Trade Commission.
- Most perpetrators are unknown to their victims.
- Over half of the victims reported losses in excess of \$1,000 up to \$100,000.

A number of steps are suggested by the findings of this project to reduce the occurrence and impact of identity theft.

- Educate the public about identify theft by developing radio and television public service announcements, billboards, and printed material.
- Enact a law requiring police to take a report from a victim when requested.
- Enact a law that designates the location where a victim gives or fails to give consent to the use of personal identification information as the county where the victim resides.
- Require financial institutions to report identity thefts to a national clearinghouse, in order that these crimes can be more carefully tracked and eliminated.
- Encourage the establishment of specialized identity theft divisions within local law enforcement agencies to investigate this crime.
- Make victims of identify theft eligible for assistance from the Crime Victims' Compensation Fund when there are no other resources available to recoup monetary losses.

# Introduction

The multifaceted crime of identity theft is argued by many to be one of the fastest growing crimes in the United States.<sup>1</sup> Nationally-based surveys have indicated that in the year 2004 alone over 9.3 million Americans were reported to have been a victim of some form of identity theft leading to costs estimated to be over \$52.6 billion;<sup>2</sup> a figure that continues to rise at a substantial rate.<sup>3</sup> Another study reports that in 2004, Texas was ranked fourth in the number of identity theft victim complaints per 100,000 residents, falling behind Arizona, Nevada, and California.<sup>4</sup> However, such findings may underestimate the problem of identity theft in general due to the fact that many identity theft victims do not report to public agencies that they have been a victim. Rather, victims more commonly report incidents of identity theft to financial institutions or specific corporations directly related to the occurrence.<sup>5</sup>

Based on what is known about identity theft, its prevalence is escalating and creating immeasurable harm to citizens. However, additional information about this crime is needed to develop better methods of detection, deterrence, and prosecution.<sup>6</sup> For these reasons, continued research must be undertaken in an effort to contribute to what is known about identity theft and, more importantly, what is known about the impact of identity theft on its victims. Thus, the purpose of this study is to enhance knowledge about identity theft and its victims in the State of Texas.

The Crime Victims' Institute (CVI) is responsible for developing an annual survey of Texas residents regarding various forms of criminal victimization. In addition to addressing general victimization issues, the 2005 survey included several variables addressing identity theft victims. To complement those findings, CVI subsequently developed a study focusing solely on victims of identity theft. Data from both surveys have been analyzed for purposes of this report.

This report will focus on the victim-related findings from the Identity Theft Survey (ITS) and the findings from the annual CVI Crime Victimization Survey (CVS). The variables addressing identity theft victimization for each of the two surveys will be compared to victims of other forms of criminality reported in the CVS: property crime and person (violent) crime respectively.

## Defining Identity Theft

As a result of the Identity Theft Assumption and Deterrence Act of 1998 (ITADA), the United States Department of Justice defines the act of identity theft as:

knowingly transfer[ing] or us[ing], without lawful authority, any name or number that may be used, alone or in conjunction with any other information, to identify a specific individual with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal Law, or that constitutes a felony under any applicable State or local law.<sup>7</sup>

Based on this definition, the term identity theft encompasses a broad spectrum of many criminal acts.

Most of the different crimes that fall under the umbrella of what the ITADA sets forth are not new forms of criminality. In other words, at its core, identity theft is not a new phenomenon, rather it is an act that is based on more traditional crimes but is enhanced by the use of the stolen identity of another person.<sup>8</sup> Identity theft consists of any, or a combination of acts including crimes such as “check fraud, plastic card fraud (credit cards, check cards, debit cards, phone cards, etc.), immigration fraud, counterfeiting, forgery, terrorism using false or stolen information, theft of various kinds (pick pocketing, robbery, burglary, or mugging to obtain the victim’s personal information), postal fraud, and many others.”

## Identity Theft in the United States

In 2004, a survey of adult identity theft victims in the United States was conducted by the Javelin Strategy and Research organization.<sup>9</sup> Over 4,000 adult U.S. citizens responded to a telephone survey of which 12.7 percent (n=509) reported having been a victim of some form of identity theft within the previous five years. Based on these findings, the study suggests that 9.3 million Americans were identity theft victims in the twelve months prior to the survey. An identical study, conducted the year before (2003), noted that there were over ten million victims of identity theft in the United States. These findings suggest, according to Javelin Strategy and Research, that the victims surveyed represent 4.25% of the United States adult population; an eye opening estimate.<sup>10</sup> Table 1 shows the breakdown of how these victims’ identities were misused.

<b>Table 1 – Use of Victims’ Identifying Information</b>	
Existing Credit Card Account Fraud	53 %
Existing Non-Credit Card Account Fraud	27%
New Accounts and Other Frauds	20%

While most of the reported occurrences of identity theft were financially motivated, the Federal Trade Commission (FTC) reports that 15 percent (n=609) of the victims indicated that their personal information was used for non-financial purposes.<sup>11</sup> Non-financial identity theft crimes reported by the FTC study include the use of the victims name by the offender upon arrest of the offender, illegal use in order to obtain a state driver’s license or social security card, used to obtain residence or employment, or used to file a false tax report.<sup>12</sup>

Official complaints of identity theft in the United States made to the FTC rose by over 52% from 2002 to 2004 totaling nearly 250,000 (See Table 2).<sup>13</sup> Again, most identity theft incidents are not officially reported; however, an increase in this rate is worth mentioning. Officially, in 2004, credit card-related identity theft accounted for 28% of the reported incidents. Phone and utilities fraud accounted for 19%, and bank fraud 18%. The remainder of reported identity thefts involved employment-related fraud (13%); loan fraud (5%); government documents or benefits fraud (8%); while the remaining 15% was comprised of other forms of identity theft.

Most of the identify thefts reported to the Federal Trade Commission in 2004 involved victims between the ages of 18 and 39 (see Table 2). Of all identity theft complaints made to the FTC, only 39% reported the occurrence to the police or other law enforcement agency.

<b>Table 2. 2004 U.S. Identity Theft Complaints</b>	
Type of Complaint	
Credit Card Related Fraud	28%
Phone and Utilities Account Fraud	19%
Bank Fraud	18%
Employment-Related Fraud	13%
Loan Fraud	5%
Gov’t Documents/Benefits Fraud	8%
Other Forms of ID Theft	15%
2004 U.S. Identity Theft Victims by Age	
Age of Victim	
Under 18	4%
18-29	29%
30-39	25%
40-49	20%
50-59	12%
60 and over	9%



## **Identity Theft in Texas**

Identify theft is a crime in Texas (see Appendix B).<sup>14</sup> Unfortunately, Texas ranked among the highest for identity theft complaints made to the Federal Trade Commission (FTC) in 2004. The measure used to rate states for identity theft is based on the number of complaints made per 100,000 inhabitants of each state.<sup>15</sup> Of complaints made from individual states, Arizona ranked highest with 142.5 identity theft complaints per 100,000 inhabitants; Nevada ranked second (122.7); California third (122.1); and Texas fourth with 117.6 per 100,000 inhabitants.<sup>16</sup> The Houston area and the Dallas-Fort Worth Metroplex ranked fourth and fifth nationally, among cities, for identity theft complaints per 100,000 inhabitants. It is unclear at this point why the rates are so high in these states and cities. However, the FTC reports that 26% of the complaints from Texas were for employment-related identity theft. Bank fraud and credit card fraud accounted for 21% respectively, with phone/utilities fraud accounting for 15%; and government documents fraud 9%.

Based on information from the FTC, age ranges of identity theft victims in Texas for 2004 mimic the overall national trend.<sup>17</sup> The majority of victims (62%) were aged from 18 to 39 with each increased age category depicting smaller numbers of identity theft complaints to the FTC.

## **The 2005 CVI Identity Theft Survey**

### **Methodology**

Data for this particular survey (ITS) was collected through the use of a mailed questionnaire to a stratified random sample of 4,500 Texas residents. The sample was separated into three distinct groups based on the ethnicity of potential respondents. The first group was comprised of 80% African American respondents and the remainder was represented by all ethnic groups. The second group over-represented Hispanic respondents in the same manner as noted above. The final group consisted of a completely random sample of residents in which no ethnic group was purposely over-represented. Minority groups were over-sampled to insure that they were sufficiently represented in the data.

Each selected resident was sent a survey packet in October of 2005 via first class mail. This packet included a cover letter noting the importance of the study and information informing the resident that participation was voluntary and that all responses would be kept completely anonymous. The packet also included an 83 item questionnaire along with a postage paid return envelope. Of the 4,500 survey packets that were mailed out, 247 were completed yielding a disappointing response rate of 6.21%. Over 20% of the respondents for the identity theft survey reported that they had been the victim of identity theft (n=51).

Caution should be used in generalizing the findings to the entire population of Texas. Reasons for the low response rate may include flaws with the mailing list, residents hesitating to respond due to the nature of the survey, the level of "junk mail" commonly received by residents, or the time needed to complete the questionnaire.

The first section of the questionnaire asked whether the respondent had been a victim of identity theft within the past five years. If so, the respondent was asked to complete a series of questions regarding their experience with identity theft. If the respondent had never been a victim of identity theft, they were asked to skip to the second section which asked about measures they used to protect sensitive information. They were asked to provide information about their computer related/online habits, attitudes toward identity theft legislation, overall crime victimization, fear of crime, and standard demographic information.

## **The Texas Crime Victimization Survey**

### **Methodology<sup>18</sup>**

The Texas Crime Victims' Institute at Sam Houston State University worked in conjunction with the Public Policy Research Institute (PPRI) at Texas A&M University to collect data for the Texas Crime Victimization Survey (CVS). The PPRI utilized an internet computer assisted telephone interviewing system (iCATI) to conduct phone interviews with Texas residents. The iCATI system allows for computer-generated dialing of phone numbers and reduced operator error. As with the National Crime Victimization Survey, this survey is intended to capture crime and victimization not present in reports based on official statistics. In all, 10,703 phone calls were attempted. Of

these attempts, 751 completed interviews were obtained. Many of the calls did not result in completed interviews because the number dialed was not a working number, the number dialed was disconnected, or the respondent refused to take part in the interview. Of the respondents for the annual crime survey, 9.5% (n=71) reported having been a victim of identity theft.

## Characteristics of Survey Respondents

The demographic characteristics of identity theft victims who responded to the 2005 ITS are shown in Table 3. Also presented in this table are the demographics for all types of victims (identity theft, property crime, and person/violent crime) that responded to the 2005 CVS.

Table 4 presents the annual household income level characteristics of each of the samples for each type of criminal victimization (property crime, person crime, and identity theft).

Table 5 demonstrates the statewide demographics of Texas based on the 2004 U.S. Census for comparative purposes and reader convenience.

In all, a total of 132 respondents reported having been victim to identity theft. For the ITS, the victim age range was 18 to 78 and the mean (average) age of identity theft victims was 43 years old. The 2005 CVS respondent ages ranged from 19 to 85 and averaged 45 years of age. There is no statistically significant difference among the varying age groups and identity theft victims from the identity theft survey. Statistically significant differences were found among age groups for the identity theft victims from the CVI annual survey. Not unlike the national findings noted above, individuals whose ages range from the late twenties to the mid fifties represent the bulk of identity theft victims.

Female identity theft victims represented 72% of the ITS sample and 51% of the CVS identity theft victims. This may suggest that females are more likely to report being a victim of identity theft than are males.

White respondents comprised 56% of identity theft victims in the annual CVS and 45% of victims in the ITS. African American victims represented only 7% of identity theft victims for the CVS and 35% of victims in the ITS. Hispanic identity theft victims represented only 16% of victims in the ITS and 30% of the victims in the CVS. Racial disparities among both samples for each category of victimization are statistically significant (See Table 3). For property crimes, the ethnic representation is reasonably close to the overall demographics of Texas (See Tables 3 & 5). However for violent crimes, Hispanic victims are over-represented in the sample and African Americans are under-represented.

There were differences in levels of education among identity theft, property crime, and person/violent crime victims in the CVS. College graduates are by and large under-represented. However, among identity theft victims from the ITS, there were fewer victims with a college degree than was the case on the CVS. When the variable for education was dichotomized from the varying levels of education to college graduate and no college graduate, significant differences were found between identity theft victims who have at least a college degree and those who do not ( $p < .05$ ). People who have at least a college degree were over-represented among identity theft victims.

The income level of identity theft victims appears to be important in understanding this kind of victimization. The identity theft victims who responded to the ITS are over-represented by those who make over \$30,000 (61%,  $p = .006$ ). Of the identity theft victims from the CVS, 60% indicated an annual household income of over \$30,000 ( $p = .038$ ). Victims of property crime who make more than \$30,000 annually represent 51% of property crime victims, a factor that is not statistically significant ( $p = .063$ ). There is no significant difference among the income levels and for victims of person/violent crime; however, nearly 60% of the victims of person crimes lived in a household with less than \$30,000 of annual income. Of that percentage, nearly 20% reported an annual income of only \$10,000 to \$19,999. These findings suggest that property crime is distributed somewhat equally across varying income levels; violent crime is associated more with lower income brackets; and identity theft is more common among those who are above the state median household income (See Table 5).

## Identity Theft Survey Results

The following section is provided to demonstrate the varying types of identity theft that were reported by victims and the overall effects of the crime for each of the two surveys.



<b>Table 3. Demographic Characteristics of Identity Theft Victims</b>						
<b>Identity Theft Victim Demographics</b>		<b>Identity Theft Victim Survey ID Theft Victims</b>	<b>2005 Crime Victims Survey ID Theft Victims</b>	<b>Property &amp; Person Victims**</b>	<b>Property Crime Victims</b>	<b>Person/Violent Crimes Victims</b>
<b>Age</b>						
	25 and Younger	12%	14%	10%	11%	8%
	26-35	17%	16%	23%	24%	16%
	36-45	25%	19%	23%	24%	32%
	46-55	28%	31%	21%	21%	20%
	56-65	10%	14%	13%	12%	16%
	65 and Up	9%	6%	10%	9%	8%
		<i>p</i> =.094	<i>p</i> =.023*	<i>p</i> =.001*	<i>p</i> <.001*	<i>p</i> =.383
<b>Gender</b>						
	Female	71%	51%	55%	53%	56%
	Male	29%	49%	45%	47%	44%
		<i>p</i> =.003*	<i>p</i> =.906	<i>p</i> =.006*	<i>p</i> =.541	<i>p</i> =.549
<b>Ethnicity</b>						
	White	45%	56%	56%	57%	44%
	African-American	35%	7%	10%	11%	8%
	Hispanic/Latino	16%	30%	28%	28%	40%
	Other	4%	7%	3%	2%	4%
		<i>p</i> <.001*	<i>p</i> <.001*	<i>p</i> <.001*	<i>p</i> <.001*	<i>p</i> =.003*
<b>Highest Level of Education</b>						
	High School Grad. or Less	26%	31%	38%	37%	52%
	Some College/Trade School	42%	28%	26%	27%	16%
	College Graduate	14%	24%	21%	21%	20%
	Graduate Degree	18%	17%	15%	15%	12%
		<i>p</i> =.001*	<i>p</i> <.001*	<i>p</i> <.001*	<i>p</i> <.001*	<i>p</i> =.008*
* $\chi^2$ - Statistically significant difference among groups.						
** Percentages of victims of all crimes, other than identity theft, based on the annual CVI Victims' Survey.						

Of the 51 victims of identity theft that responded to the ITS, 45% reported that their identity was stolen through the misuse or opening of a credit card account in their name. For the CVS, 54% noted that the identity theft was based on the misuse of existing credit cards. This finding is interesting in that the state identity theft trends for Texas, as noted by the Federal Trade Commission, reveal that only 21% of identity theft complaints were based on credit card fraud. The low level of credit card misuse complaints to the FTC might be due to victims resolving the problems without having to report to the FTC.

Victims in such cases may more commonly report the identity theft to the financial institution of the misused account. Often, banks will simply reimburse victims of identity theft without the need for an official complaint being made to authorities. Thus, there may not be much of a reason for victims of credit card-related identity theft to officially report the incident. Identity theft statistics would be more complete if credit card issuers were required to file an official report with the FTC.

Sixteen (31%) of the victims who responded to ITS noted that a bank account in their name was opened or misused as a result of identity theft. Compared to victims from the CVS and from the FTC state trend report for Texas, this finding is higher than expected. Only 4.2% of identity theft victim respondents from the CVS reported that a bank account was opened or misused. The FTC report shows that identity theft resulting from opening or misusing a bank account represents 21% of identity theft complaints made to the FTC from Texas.

<b>Table 4. Income of Crime Victims</b>					
<b>Identity Theft Survey - Identity Theft Victims</b>					
	Less than \$15,000				17%
	\$15,001 - \$30,000				18%
	\$30,001 - \$60,000				40%
	\$60,000 or more				21%
	Refused				4%
<i>p</i> = .006*					
<b>2005 CVI Crime Victims Survey</b>	<b>2005 CVI Survey ID Theft Victims</b>	<b>Property &amp; Person Victims</b>	<b>Property Crime Victims</b>	<b>Person/Violent Crimes Victims</b>	
Less than \$10,000	3%	6%	6%	5%	
\$10,000 - \$19,999	4%	10%	9%	19%	
\$20,000 - \$29,999	15%	12%	13%	10%	
\$30,000 - \$39,999	9%	14%	14%	14%	
\$40,000 - \$49,999	14%	9%	9%	10%	
\$50,000 - \$74,999	17%	8%	8%	10%	
\$75,000 - \$99,000	7%	8%	8%	5%	
\$100,000 or more	13%	12%	12%	4%	
Refused	18%	21%	21%	23%	
	<i>p</i> = .038*	<i>p</i> = .009*	<i>p</i> = .063	<i>p</i> = .552	
* $\chi^2$ - Statistically significant difference among groups.					

<b>Table 5. Texas Demographics</b>		
<b>2004 Texas State demographics*</b>		
<b>Age</b>	18 Years and Older	72%
	65 Years and Older	10%
<b>Gender</b>	Female	51%
	Male	49%
<b>Ethnicity</b>	White	50%
	African-American	11%
	Hispanic/Latino	35%
	Other	4%
<b>Highest Level of Education</b>	High School Graduate or Higher	79%
	College Graduate or Higher	26%
<b>Median Income Level</b>		\$41,759
<b>Median Family Income</b>		\$49,086
<b>Per Capita Income</b>		\$21,691
<b>Total Population Est.</b>		21,544,461
* Source: 2004 U.S. Census		

The fourth most common identity theft complaint made from Texas residents to the FTC is for telephone or utilities accounts fraud (15%). Only 8% of the victims in the ITS reported this type of identity theft. The finding for utilities account theft (including cellular and internet service) accounted for nearly 13% of all identity theft cases among CVS victims. This finding closely mirrors the state trend as seen in complaints made to the FTC.

An interesting finding from the ITS was that 14% of identity theft victims reported that the thieves had actually assumed the identity of their victims at some point during the theft process.

Among the many separate accounts victims have, the majority reported that only one of their accounts was misused (74% of ITS respondents).

People discover that they have become victims of identity theft in a number of different ways (See Table 6). Fourteen percent of the victims on the ITS discovered the problem by noticing suspicious charges on credit card bills. Noticing a discrepancy on a bank statement was also a common means of discovery (22%). In 20% of the cases from the ITS, the victim was contacted by a collection agency informing them that they were in default of payment on an account of which they were unaware. More commonly, a bank or other financial institution made contact with the victim noting that unusual charges had been made to their existing account or made reference to an account unknown to the victim (28%). While the popularity of obtaining credit reports may be increasing, only 14% of identity theft victims from the ITS found out by obtaining a copy of a credit report. Nearly 10% of victims reported that they discovered that they were a victim of identity theft when they realized that their wallet or purse had been stolen. In the CVS, 44% of identity theft victims believed they became a victim due to a stolen wallet or purse. Four percent of the victims discovered that they were victims after a law enforcement agency contacted them.

Findings from the ITS show that the amount of time spent by victims to resolve the matter of identity theft ranged from less than one week (52%) to over one year (8%). Over 84% of identity theft victims from the CVS stated that they spent ten days or less to resolve problems caused by identity theft.

As noted above, nationally 34% of identity theft victims report their victimization to the police. In contrast, 61% of the victims responding to the CVS and 49% of the victims from the ITS contacted the police about the identity theft. It is clear that these results are well above the national average. Of those victims from the ITS who reported identity theft victimization to the police, only 42% were issued a report number.

<b>Method of Discovery</b>	<b>%</b>
Suspicious Charges on Credit Card Bills	14%
Discrepancy on Bank Statement	22%
Contacted by a Collection Agency	20%
Contacted by Bank or Financial Institution	28%
Discrepancy on Credit Report	14%
Purse or Wallet Stolen	10%
Email Alert	8%

Note: Total does not add to 100% due to some victims indicating more than one category.

Victims of identity theft appear to be much more likely to report identity theft to a bank or financial institution than to a law enforcement agency. Victims in the ITS reported the thefts to a bank or financial institution in 76% of the cases, while 83% of the victims from the CVS did so. Only 5.6% of the victims in the CVS reported the incident to the Federal Trade Commission. This raises questions about the completeness of the FTC reports for this kind of crime.

Many of the identity theft victims said they knew who misused their identities. In just over 12% of the cases of identity theft from the CVS, the victim indicated that the identity thief was a member of their family. Twenty-eight percent of identity theft victims from the ITS reported that a family member was responsible for the theft. However, the majority of the victims from both surveys indicated that they did not know who fraudulently

used their identity for personal gain. According to the Javelin Strategy and Research Identity Fraud Survey<sup>19</sup> over 50% of identity theft victims reported that the identity thief was a family member or a friend; a finding that is not supported in this study.

The national average for the dollar amount lost as a result of identity theft can be misleading because it takes into account instances in which both individuals and corporations or businesses have been victimized.<sup>20</sup> The median national monetary loss due to identity theft is reported to be \$750. Data from the CVS indicates that over 83% of identity theft victims spent less than \$500 to correct the fraudulent use of their identities and nearly 90% spent less than \$1000. Victims from the CVS were asked the approximate dollar value the identity thief obtained through the use of his/her personal information, not how much they had personally spent as a result. Of those victims, 38% reported that the offender obtained less than \$1000, while over 52% noted that the identity thief obtained more than \$1000. The ceiling amount went as high as \$100,000. However, 18% of victims from the CVS noted that the identity thief gained between \$5000 and \$25,000 when misusing their personal information.

## Conclusions

When victims of property crime and person crimes (violent crimes) are compared to victims of identity theft, it is clear that important differences exist. Identity theft victims are over-represented among those who live in households with annual incomes above the poverty level and among those with at least some college education. The findings are mixed with respect to ethnicity and gender. Of all demographic variables studied, only the findings for age of victimization seems to be consistent across the ITS, CVS, and national trends.

As indicated in the introduction of this report, it has been estimated that over 4% of American adults are victims of identity theft annually. The findings reported here suggest a much higher incidence of this crime. Over 20% of the respondents to the ITS and nearly 10% of respondents in the CVS had been victims of identity theft. It may be that these higher numbers are due to the greater willingness of crime victims to respond to the kind of surveys used in this study than is true for nonvictims. Alternatively, it may be the case that these surveys reflect a higher incidence of this kind of crime than has been found to be the case nationally.

Several recent changes have been brought about by statute and policy changes to better safeguard the identities of citizens. Beginning December 5, 2006, companies must not print credit or debit card expiration date or more than the last 5 digits of a card number on the electronic receipt. Some businesses must make this change sooner, depending on the way they process credit card transactions. The law will allow receipts that are hand written or mechanically imprinted to show the entire number and expiration date, even after December 4, 2006.

Organizations are offering consumers choices about how their personal information is used. For example, many allow customers to refuse to have their information shared with others or used for marketing purposes. Although these changes are important and significant, additional issues need to be addressed.

## Policy Implications

Noted throughout this report are several policy recommendations to reduce the occurrence and impact of identity theft. The following is a list of policy recommendations that should be considered to address the problem of identity theft:

- Educate the public about identity theft by developing radio and television public service announcements, billboards, and printed material.
- Creation of a law requiring police to take a report when requested. This has been done in California.<sup>21</sup>
- Creation of a law similar to the following Florida statute recently enacted: "The location where a victim gives or fails to give consent to the use of personal identification information is the county where the victim generally resides."<sup>22</sup> This would prevent many cross-jurisdictional problems commonly associated with identity theft.<sup>23</sup>
- Require financial institutions to report identity thefts to a national clearinghouse, so these crimes can be more carefully tracked and eliminated.
- Encourage the establishment of specialized identity theft divisions within local law enforcement agencies to investigate this crime.
- Make victims of identity theft eligible for assistance from the Crime Victims' Compensation Fund when there are no other resources available to recoup monetary losses.

## End Notes

1. Newman, G. R., & McNally, M. M. (2005). *Identity theft literature review* (USDOJ Unpublished Report Document No. 21059). Retrieved October 15, 2005, from National Criminal Justice Reference Service (NCJRS): <http://www.ncjrs.gov/pdffiles1/nij/grants/210459.pdf>
2. Javelin Strategy and Research (2005). "2005 Identity Fraud Survey Report." Retrieved October 12, 2005 from: <http://www.consumer.gov/sentinel/pubs/Top10Fraud2004.pdf>: [http://javelinstrategy.com/reports/documents/2005\\_Javeln\\_Strategy\\_Research\\_Identity\\_Fraud\\_Survey\\_Complimentary\\_Report.pdf](http://javelinstrategy.com/reports/documents/2005_Javeln_Strategy_Research_Identity_Fraud_Survey_Complimentary_Report.pdf)
3. *Ibid.* This research found that the estimated costs resulting from identity theft increase by \$1.2 billion dollars from 2003 to 2004. Javelin notes that this is not a statistically significant increase. However, we argue that any increase of this magnitude should be considered substantial and noteworthy.
4. Federal Trade Commission. (2004). *National and state trends in fraud and identity theft, January-December 2004*. Retrieved October 12, 2005 from: <http://www.consumer.gov/sentinel/pubs/Top10Fraud2004.pdf>
5. Federal Trade Commission, *ibid* note 3 – Over 60% of survey respondents in the FTC study indicated that they did not contact the authorities regarding their being a victim of identity theft.
6. Newman and McNally, *supra*, note 1.
7. The Identity Theft Act; U.S. Public Law 105-318. (1998).
8. Newman and McNally, *supra*, note 1.
9. Javelin Research and Strategy Corporation, *supra*, note 2.
10. It should be noted that the findings of each of the two surveys referenced above solely rely on reported identity theft and may not cover the scope of the reality of the crime as a whole.
11. Federal Trade Commission (FTC) (2003). *Federal Trade Commission – Identity Theft Survey Report* Washington, D.C.: U.S. Government Printing Office.
12. *Ibid.*
13. Federal Trade Commission. *supra*, note 4.
14. Texas Penal Code, Sec 32.51.
15. According to the U.S. Federal Trade Commission, the number of identity theft complaints per 100,000 state residents is based on the 2004 U.S. Census estimates.
16. *Ibid.*
17. *Ibid.*
18. Kercher, G., Yun, I., and Johnson, M. *2005 Crime Victimization Survey*. Report forthcoming by the Texas Crime Victims' Institute. Sam Houston State University.
19. Javelin Research and Strategy Corporation, *supra*, note 2.
20. *Ibid.*
21. Identity Theft Resource Center (2005). "Current Laws," Retrieved January 25, 2006 from: <http://www.idtheftcenter.org/statefedlaws.shtml>
22. The Florida Senate (2005). "The 2005 Florida Statutes," Retrieved January 25, 2006 from: <http://www.flsenate.gov/Statutes>
23. Identity Theft Resource Center (2005). 'Current Laws: ITRC Recommendations for Legislation' Retrieved January 25, 2006 from: <http://www.idtheftcenter.org/lawsrecomm.shtml>

## Appendix A

### Identity Theft and Assumption Deterrence Act

In October 1998, Congress passed the Identity Theft and Assumption Deterrence Act of 1998 (Identity Theft Act) to address the problem of identity theft. Specifically, the Act amended 18 U.S.C. § 1028 to make it a federal crime when anyone:

*knowingly transfers or uses, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or local law.*

Violations of the Act are investigated by federal investigative agencies such as the U.S. Secret Service, the FBI, and the U.S. Postal Inspection Service and prosecuted by the Department of Justice.

## Appendix B

### Texas Law

#### FRAUDULENT USE OR POSSESSION OF IDENTIFYING INFORMATION (Texas Penal Code, Sec. 32.51)

- (1) “Identifying information” means information that identifies an individual such as:
  - (A) name, social security number, date of birth, and government-issued identification number;
  - (B) unique biometric data, including the fingerprints, voice prints, and retina or iris images;
  - (C) unique electronic identification number, address, and routing code; and
  - (D) telecommunication identifying information or access device.
  
- (2) “Telecommunication access device” means a card, plate, code, account number, personal identification number, electronic serial number, mobile identification number, or other telecommunications service, equipment, or instrument identifier, or means of account access that alone or in conjunction with another telecommunication access device may be used to:
  - (A) obtain money, goods, services, or other thing of value;
  - or
  - (B) initiate a transfer of funds other than a transfer originated solely by paper instrument.
    - (a) A person commits an offense if the person obtains, possesses, transfers, or uses identifying information of another person without the other person’s consent and with intent to harm.
    - (b) An offense under this section is a state jail felony.



# Appendix C

## Consumer Resources

### Federal Trade Commission

<http://www.consumer.gov/idtheft/>

Information about laws, ways to minimize risk, things to do when a theft is discovered, and ways to solve specific problems.

### Texas Attorney General's Office

<http://www.oag.state.tx.us/consumer/idtheft.shtml>

Information about how to avoid being a victim, indicators that one's personal information has been compromised, steps to address the problem, and ways to protect one's identity.

## MISSION STATEMENT

The mission of the Crime Victims' Institute is to

- conduct research to examine the impact of crime on victims of all ages in order to promote a better understanding of victimization
- improve services to victims
- assist victims of crime by giving them a voice
- inform victim-related policymaking at the state and local levels.

To view additional research publications relating to victims of crime please visit the Crime Victims' Institute website at:

[www.crimevictimsinstitute.org](http://www.crimevictimsinstitute.org)



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