



Jeremy Thiesfeldt

STATE REPRESENTATIVE • 52nd ASSEMBLY DISTRICT

Testimony – Assembly Bill 248/Senate Sub Amendment to SB 283

A study published in 2011 by Carnegie Mellon University's CyLab asked this question: "What would you do if your child was in foreclosure on a home in another state?" Personally, I would be perplexed and then horrified. What *would* I do? What kind of consequences would my child, and my entire family for that matter, face for the rest of our lives?

This study, which included identity theft victims as young as 5 months old, found that more than 10 percent of the minors in their sample population had someone else using their Social Security number. This is 51 times higher than the rate for adults. AB 248/SB 283 begins to tackle the growing trend of child identity theft as well as the hassles and devastation associated with it.

Here is how it is typically done: cyber thieves take advantage of these vulnerable identities by opening credit card accounts, obtaining licenses, and making hefty purchases such as homes and automobiles, all under the child's information. In addition, identity thieves may use the child's Social Security Number for obtaining fraudulent tax returns or government benefits, housing rental, employment, medical treatment, or evading criminal charges.

This could be substantially detrimental to the child's future by negatively affecting their chances of gaining approval on student loans, securing a job, or getting a place to live, as a result of having a blemished financial record. Even if the activity is discovered early on, repairing the damage is a long and tedious process which includes calling each of the 3 nationwide credit reporting companies, placing a fraud alert, ordering credit reports, contacting the businesses where the child's information was misused, creating an identity theft report, and much more. This could take years.

Minors are an especially tempting target because they usually have a Social Security number with a clean history. According to the Carnegie Mellon study, this is convenient for thieves and particularly illegal immigrants because the numbers can be easily paired with any name or birth date. Shocking as it may be, child identity theft frequently occurs within the family's circle of trust. Roundtable Research reveals that of victims who were able to identify the perpetrators of these crimes, 36% were family members and an additional 35% were family friends. Few parents are even aware or think about the need to monitor their child's identity. Therefore, it is highly probable that theft actions will go undetected for years until the minor applies for credit of their own.

Under this proposed bill a parent or legal guardian may freeze their child's credit record so that someone seeking to open a new credit in the child's name cannot access the credit report, which would hopefully result in the rightful denial of their application. If the child does not have a credit record, the parent or guardian may request that a credit reporting agency create a record that prohibits the agency from releasing information about the child to potential creditors until the child turns 16. At that point, the freeze can be lifted by the protected consumer at any time.

As our society and consumer demands adapt to constantly evolving modern technology, so does criminal innovation. Legislation must be modified to actively acknowledge this trend and to keep up with criminal activity. Wisconsin needs to recognize that the iPhone, Twitter, and Instagram are not the only technological advances thriving on the younger generations; cybercrime, identity theft, and fraud are just as prominent and their potential to tarnish a child's future is profound.

Serving the communities of Fond du Lac, Oakfield, Byron, Empire, Taycheedah, and the western half of Calumet township

THE FINANCIAL SERVICES ROUNDTABLE

Financing America's Economy



To: Fast Facts List

Fast Facts: Child Identity Theft

Children may be an easy target for identity theft and often don't discover it until years later when they apply for a job or attempt to take out a loan.

FACT: One in 40 households in the US with children under the age of ages 18 is affected by identity fraud.

- According to Javelin Strategy and Research, children aged 6-11 are most vulnerable to fraud.

FACT: 56% of child identity theft cases reported misuse of the child's Social Security Number (SSN).

- Thieves will often create a 'synthetic identity' using the child's SSN and a different name, date of birth, and address, to obtain new bank or credit accounts for financial gain, or services such as utilities, phone, cellular, and Internet.
- Children's information is also used to commit non-financial identity theft, including obtaining fraudulent tax returns or government benefits, housing rental, employment, medical treatment, or evading criminal charges.

FACT: Lower income families are disproportionately affected by child identity fraud, with 50% of victims living in households with incomes under \$35,000.

- Of victims who were able to identify the perpetrators of these crimes, 36% found them to be family members, and an additional 35% were family friends.

FACT: Child identity fraud can be avoided. Check early and often.

- Keep personal information like birth certificates and social security cards locked away and sensitive computer documents password protected. Use a cross-cut paper shredder before disposing of paper documents of this nature.
- Teach children how to be safe online, particularly while visiting unsecured websites and using social media.

FACT: Federal law under the U.S. Fair Credit Reporting Act allows for the request of one free credit report per year.

- If your child's identity has been stolen, contact the three credit reporting agencies to place a fraud alert, and then file the theft claim with the Federal Trade Commission.

- Because a child's SSN is often used as part of a synthetic identity, ask each of the three major credit reporting agencies, Equifax (1-800-525-6285), Experian (1-888-397-3742) and TransUnion (childidtheft@transunion.com), for a manual search for your child's credit report, based only on the child's SSN.
- Ask each agency for its mailing address, because you will need to provide a cover letter with proof that you are the child's parent or legal guardian.
- You may consider placing a credit freeze to prevent thieves from opening additional accounts under your child's name.

For more information on how to combat child identity theft and learn preventative measures, visit the [Identity Theft Assistance Center website](#).

The Roundtable delivers "Fast Facts" each week to select opinion leaders in the financial services industry, Congress, and media. [View all previous Fast Facts at www.RoundtableResearch.org](#)

Financial Services HOTLINE: If you have questions, call Scott Talbott, *Senior Vice President of Public Policy*, at 202-289-4322.

Learn more about the financial services industry at [www.OurFinancialFuture.com](#).



WISCONSIN STATE SENATE
DALE W. SCHULTZ

Testimony before the Senate Committee on Financial Institutions and Rural Issues on
SB 283

Thursday, September 26, 2013

Under current law, an individual may request a consumer reporting agency (CRA) to place a security freeze on their credit report upon presentation of relevant identification. An individual may also remove a security freeze at any point.

However, even with current safeguards, certain segments of the population are at a higher risk than others with respect to credit cards. For example, a minor may not have a credit card, but if someone was to obtain their information required to obtain one on their name, they would be at a high risk of being defrauded. This bill would allow the minor's legal guardian to implement a security freeze on their credit report to preempt any such action.

Enacted, this bill:

1. Enables representatives of protected consumers to implement security freezes on their behalf.
2. Creates procedures to remove security freezes, or allows a CRA to remove the freeze in case of a material misrepresentation.
3. Allows CRA's to charge a fee not exceeding \$10 for placing or removing security freezes.
4. Gives the Department of Agriculture, Trade, and Consumer Protection and the Department of Justice authority to enforce the bill's requirements.
5. Subjects a person who violates the substitute amendment to a civil forfeiture of not more than \$1,000 per violation.

Thank you for holding this hearing on SB 283. I would also like to thank Rep. Thiesfeldt for his leadership and hard work in this matter.

If you have any questions, please do not hesitate to contact my office.

TO: Chairperson Schultz and the Members of the Committee on Financial Institutions and Rural Issues

FROM: Tony Driessen, on behalf of the Consumer Data Industry Association

DATE: September 26, 2013

RE: Senate Bill 283

The Consumer Data Industry Association (CDIA) appreciates the opportunity to work with Sen. Schultz with regard to this legislation. CDIA is an international trade association that has represented consumer data companies for over 100 years. Our 250 members provide fraud prevention and risk management products, credit and mortgage reports, tenant and employment screening services, check fraud and verification services, and collection services to their customers. They help businesses of all sizes in making decisions that provide consumers with the products and services they want and need.

The industry is supportive of the efforts undertaken here in WI to take a balanced approach in crafting this language which will provide additional protection for consumers and not unduly burden businesses.

We are also working on this subject with the Assembly Committee on Consumer Protection regarding Assembly Bill 248.

Again, we appreciate the opportunity to work constructively with Sen. Schultz and Committee members on SB 283.