



Will Rogers

# Identity Theft

By Will Rogers, Director of Governmental Affairs

Several bills were introduced during the 2008 Iowa legislative session that addressed the problem of identity theft. While these bills could impact the way you might do business in the future, this article will provide updates on the threat of identity theft and offer safeguards against potential risks.

## What is Identity Theft?

Identity theft occurs when someone uses personal identity information, such as your name, social security information, credit card information, driver's license number, tax information and/or mail addresses without your knowledge or permission for the purpose to commit fraud.

## Identity Theft is Worse than You Think

The Federal Trade Commission estimates that more than 10 million people were the victims of identity theft in 2007. Problems for 2008 are predicted to be even worse. Identity theft has resulted in victims being wrongfully arrested, dismissed from employment, divorced, and having their consumer credit ruined. Economic losses also remain staggering at both the individual and national levels. Typically, it costs individuals thousands of dollars to repair their consumer credit and recover their identity. Credit card companies and businesses have also suffered losses into the billions as a result of identity theft.

## How Identity Theft Occurs

Criminals obtain personal information through a variety of opportunities. They use everything from "old fashioned" ways like pick pocketing, dumpster diving, taking mail out of a box and breaking into a

home or place of business, to high-tech methods like skimming credit card information, spam e-mails, and "phishing" for personal information through the Internet. There are several ways thieves can collect personal information for nefarious reasons. A good thief doesn't need all the information at one time. Just like putting together a puzzle, they can steal someone's identity one piece at a time.

Once a thief has the personal information they need, they can get a credit card, passport and driver's license, hook-up utilities, rent or lease a property, purchase a car, issue checks, collect social security, use someone else's health care, purchase plane tickets, and even get a job.

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## How to Protect You and Your Business from the Threat of Identity Theft

Thieves aren't always deterred, but you can certainly remove the low hanging fruit as a start. Implementing some simple changes to daily business activities can make a real impact in reducing your potential threat.

- If you don't have a paper shredder, purchase one today. If you haven't owned one before, you will more than likely need to shred a lot of information and documents. Don't cut corners when it comes to a paper shredder. Invest in a good machine that will handle several documents at a time.
- Take inventory of the information required for your day-to-day business operations. If you need employee and customer information, secure it. If you don't, then shred it.
- Make sure that before a document

goes into the dumpster, it doesn't contain any portion of an employee's or customer's personal information. Remember, it only takes a little information to steal someone's identity. If a document does contain personal information, then it needs to be destroyed.

- Keep all documents containing credit card, checks, banking and personal information in a safe or under lock and key. Electronic information should be secured through passwords and various data protection software. Personal information you have on file may include names, addresses, social security numbers, health care information, and various account numbers, to name a few. To limit your profile from electronic attacks, delete suspicious e-mails before opening them up.
- Have your mail delivered to a P.O. Box or during business hours only. Unsecured mail sitting in an exterior mailbox remains a prime target for identity thieves.
- Don't think, "It can't happen to me or my business." Just because you live in the country or have a rural business, don't believe for one second that you aren't a target for thieves looking to steal personal information.

## Report a Breach in Security Immediately

Not only do you have an ethical obligation to report a breach in security, the federal government requires that you contact the proper authorities when personal data is lost or stolen.

Under the Gramm-Leach-Bliley (GLB) Act, businesses are required to ensure the security and confidentiality of customer names, addresses, phone numbers, bank and credit card account numbers, income and credit histories, and social security numbers.

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spot of your day is when Joe says, "Thank you, boss! I sure didn't want him touching CDM5000!"

CDM5000 is purring like a kitten. Joe came back from Utah, trained his co-workers and, with Jack gone, the entire shop is more productive and efficient.

Jack is collecting unemployment. His attorney has filed a claim with Worker's Compensation for a back injury and sent you a letter accusing you of firing Jack in retaliation for reporting a work injury. Your attorney wanted a copy of your employee handbook and all documentation related to Jack's behavior and performance. Don't forget to include her \$5,000 retainer check with that. (Luckily, postage will only be \$.41.)

You think about what she asked on the phone. "What's on his application? What did you do when problems first came up? Why did you ignore his alleged back injury?" All you could say was, "Well, it's pretty informal here." This bad hire has already cost you over \$50,000 in

wages and benefits. You don't even want to think about lost productivity and what he might have done to CDM5000. Now there will be legal fees and maybe even a settlement. Jack's going to cost you a bundle. NOW you're worried.

I leave it to you to decide how you should maintain your resources – both human and inanimate. It's just that sometimes, I think we pay more attention to "things" than we do people. Of course, worrying is free – it's the NOT worrying that gets expensive.

To those of you who attended our seminars in York, Neb. and Marshalltown, Iowa in February, I send my profound "thank you" for taking time from your businesses to be there. I hope you came away with an idea or two. And as always, thank you for reading my articles. If you have comments – good or bad – e-mail me at [lesley@taxfavoredbenefits.com](mailto:lesley@taxfavoredbenefits.com) or call the HR Help Line at 800-683-3440. My crocus are peeking through the snow. AHHHHH, SPRING! ■

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In addition to the GLB Act, the Federal Trade Commission has adopted rules regarding record keeping and information protection. Largely these rules apply to financial institutions, but the law has been interpreted to include businesses that deal with financial information or that extend credit on goods and services.

The government will also require that you send out a letter to everyone whose personal data was compromised. While this might seem painful at first glance, think of what your customers and employees would think if you did not report a case of possible identity theft.

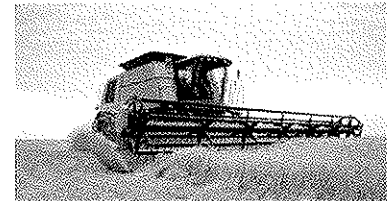
Remember to keep in perspective that identity theft may not seem like a big deal until it happens to you. If a customer or employee is a victim of identity theft, try to help them resolve the matter as quickly as possible. Likely, they will need all the help they can get. ■



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