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When identity theft hits home

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WASHINGTON—The sagging housing market has presented swindlers with a perfect opportunity to prey on troubled owners. But even owners who are making their payments on time are susceptible to being cheated out of their homes.

Financially strapped owners are considered easy marks because they're more likely to believe almost anything to save their homes. Instability in the housing sector "has created an ideal environment" for fraud, the Federal Bureau of Investigation says.

But now it notes that, through identity theft, even owners who are current can lose their houses.

One of the schemes noted in a recent FBI report has the perpetrator establishing a line of credit in his name based on the equity in your property and then draining it. In another, the con man changes the title to his name and sells the house.

Of course, as the rightful owner, you won't lose your house—as long as you can prove you, indeed, are the real owner. And that could cost you hundreds of hours and thousands of dollars.

Identity theft is defined as the use of someone's name, personal information and credit history without their knowledge. According to the Federal Trade Commission, more than 8 million people are victims every year, with resulting losses of more than \$15 billion annually.

According to the Secret Service, which prosecutes federal cases, business records generally are what yield the private information. That's why Congress last fall passed the so-called "red flag" rider to the Fair and Accurate Credit Transaction Act of 2003.

The provision, which takes effect Nov. 1, requires financial institutions, creditors and anyone else who handles your personal documents to develop a program to prevent ID theft.

The rider identifies 26 things that could tell a company someone is snatching your identity. They include consumer-activated fraud alerts in a credit report and addresses and Social Security numbers that don't match those in the credit report.

In house stealing, the thief pilfers your personal information to create fake IDs and Social Security cards and files the papers necessary to transfer the property.

An empty house, say, a vacation home, is often the target, being put on the market and sold. The perp pockets the proceeds.

Con artists also have stolen an occupied house and sold it to someone so enamored of the great price he is getting that he's satisfied with online photos. Or they pose as the rightful owner and take out home-equity lines of credit against the property.

In one case prosecuted by the feds, the ID thieves used the name-change mechanism offered to people who are getting married or divorced to obtain false driver's licenses, which they used to get Social Security numbers.

In another, they deposited the proceeds from an illegal loan into a business account to get under the lender's radar. And in a third, they drained a home-equity account slowly so it wouldn't be detected.

Because of this threat, it behooves you to manage your personal information carefully and protect yourself against identity theft by reviewing your credit report annually. You can obtain free reports at www.annualcreditreport.com.

Also shred or cut up credit-card receipts, bank statements and bills, remove your name from mailing lists for credit lines, conceal your PIN at the ATM and contact your creditor or service provider if you notice anything odd with a bill or it doesn't arrive.

Finally, don't provide personal information unless you initiate the contact.

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