

August 12, 2005

Practical Advice on Avoiding Identity Theft

On returning from a 2003 visit with her grandmother in Canada, Ambur Daley was arrested at the airport and held overnight in jail in North Carolina for writing dozens of bad checks.

But Ambur didn't write any bad checks. Her identity had been stolen and thieves had written the bad checks making use of her stolen name, Social Security number, address and telephone number.

The Federal Trade Commission estimates there were nearly ten million victims of identity theft in 2002, with costs approaching \$50 billion. Since then the frequency and costs have skyrocketed.

Early discovery substantially reduces the hassle and cost of addressing the problem. Promptly checking brokerage, credit card and bank statements each month for unauthorized transactions and reporting errors immediately, along with verifying credit information with the major credit agencies at least once a year, are simple but effective ways to head off larger problems. (Free reports are available at www.annualcreditreport.com.)

Here's a list of simple measures that could help protect you against identity theft and be the ounce of prevention worth the proverbial pound of cure:

- ❑ Destroy documents containing personal/financial information before discarding them. Such documents might include financial statements, credit card solicitations, credit card receipts and cancelled checks. Crosscut shredders are very effective and can be purchased at most stationery and office supply stores.
- ❑ In order of preference, use cash, credit cards, debit cards and checks to purchase goods and services. Stated another way, checks and debit cards involve more risk of identity theft than cash and credit cards.
- ❑ Personal checks should only list your name and address, not your telephone number, driver's license number or other similar information. Do not write credit card numbers on checks.

August 12, 2005

Page 2

- ❑ Reduce the number of credit cards you carry and close inactive credit card accounts. Also, never carry your Social Security card, birth certificate or passport unless necessary.
- ❑ Use a post office box or locked mail box.
- ❑ If you don't have a locked mail box or post office box, have new checks delivered to your bank and pick them up there.
- ❑ Make sure medical insurance cards use an identification number other than your Social Security number.
- ❑ Photocopy the front and back of each item you carry in your wallet and retain the copies in a safe place for reference should your wallet be stolen.
- ❑ Install hardware and software firewalls, virus and spyware detection software on your computers to discourage hackers.
- ❑ When creating passwords, do not use your mother's maiden name, the last four digits of your Social Security number, date of birth, middle name, family pet's name or any other information that can be readily associated with you that can be identified by an identity thief. Both Schwab and Fidelity will place a password on your account preventing unauthorized access to information over the phone if requested.
- ❑ Shield the screen when entering your ATM password. Guard your credit card and phone card from prying eyes as you use them.

There are a number of organizations that suggest these and additional methods to reduce the chances of identity theft and provide guidance for victims of identity theft. Since identity theft can have far-reaching financial and emotional implications, please feel free to contact us if you'd like to discuss any aspect of this important issue.

Sincerely yours,



SCOTT RHODES