information Compliance and Awareness Program
The New Face of Identity Theft
As scams become more sophisticated, companies of all kinds find themselves at risk.

Peter Krass, CFO IT  March 15, 2005

Of all the factoids swirling around this topic, the one that may create the greatest sense of urgency is this: the Federal Trade Commission says that ID theft cost U.S. businesses and financial institutions nearly $48 billion in 2003. Nearly 13 percent of all U.S. consumers — some 9.9 million people — had their personal information misused in 2003, according to the FTC.

Each ID theft costs businesses $10,200 per victim on average. And the estimated time spent resolving all these ID thefts? Nearly 300 million hours in 2003.

While most media reports of identity theft stress the consumer angle, by most accounts 50 to 70 percent of ID theft occurs in workplaces, and that figure may grow as the nature of ID theft shifts from simple rip-offs to complex efforts to defraud.
The Scope of Identity Theft

A Chronology of Data Breaches — Over 165 million data records of U.S. residents have been exposed due to security breaches since January 2005.

Jan. 22, 2007 - Chicago Board of Elections - 1.3 million voters
About 100 computer discs (CDs) with 1.3 million Chicago voters' SSNs were mistakenly distributed to aldermen and ward committeemen. CDs also contain birth dates and addresses.

Jan. 17, 2007 - TJ stores (TJX), TJMaxx, Marshalls, etc. – 45.7 Million
The TJX Companies Inc. experienced an "unauthorized intrusion" into its computer systems. It discovered the intrusion Dec. 2006.

Dec. 5, 2006 - H&R Block – Unknown
Many past and present customers received unsolicited copies of the program TaxCut that displayed their SSN on the outside.

The Scope of Identity Theft

Six Common Forms of Identity Theft

- Financial
- Criminal
- Medical
- DMV
- Social Security
- Terrorist
Three Reasons Why **Businesses** Need to Safeguard Confidential and Sensitive Information.

1. Current State and Federal Legislation Requirements
2. To Limit Financial Loss and Loss of Trust
3. Social Responsibility
Important Federal Legislation

• Identity Theft Assumption and Deterrence Act

• Family Education Rights and Privacy Act

• Health Insurance Portability and Accountability Act (HIPAA): Security Rule

• Gramm-Leach-Bliley Act: Safeguard Rule

• Fair and Accurate Credit Transactions Act (FACTA)

• Social Security Number Privacy Act
State Legislation

Common Law

“As a fundamental principle, even before reaching theories applicable to information security, parties are generally responsible under the common law of torts to use due care in handling the information regarding others.” 2 Businesses that do not take reasonable steps to protect information could be held civilly liable for criminal acts committed by others with the stolen information. This was the outcome of Bell v. Michigan Council 25 of the AFSCME, 2005 Mich. App. LEXUS 353(Mich. Ct. App. Feb. 15, 5005).

State Identity Theft Notification Laws

To date, 38 states have victim notification laws in place. In Ohio, a business has 45 days to notify potential victims.
Financial Loss and Loss of Trust

If confidential and sensitive information is lost or stolen damages go beyond government fines, penalties, and potential imprisonment.

Financial Loss

• Class Action Lawsuits
• Interruption in Operations

Loss of Trust

• Loss of Clients’ Trust
• Loss of Employees’ Trust
• Bad Publicity
Social Responsibility

Any organization that collects and / or retains personal, financial, medical, and business information has an ethical and a social responsibility to safeguard that information.
### Definition of CSI

#### Examples of Confidential and Sensitive Information

<table>
<thead>
<tr>
<th>Personal Information</th>
<th>Business Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security Number</td>
<td>Federal Identification Numbers</td>
</tr>
<tr>
<td>Social Insurance Number</td>
<td>Proprietary Information</td>
</tr>
<tr>
<td>Birth Dates</td>
<td>Trade secrets</td>
</tr>
<tr>
<td>Driver’s License Number</td>
<td>Business Systems</td>
</tr>
<tr>
<td>Professional License Information</td>
<td>Pay Rates / Payroll</td>
</tr>
<tr>
<td>Customer Identifiers*</td>
<td>Access Codes / Passwords*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Information</th>
<th>Medical Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Card Number</td>
<td>Medical Records</td>
</tr>
<tr>
<td>Card Expiration Dates</td>
<td>Doctor’s Names and Claims</td>
</tr>
<tr>
<td>Card CCV Numbers</td>
<td>Life, Health, Disability Insurance</td>
</tr>
<tr>
<td>Account Numbers</td>
<td>Policy Information</td>
</tr>
<tr>
<td>Credit Reports</td>
<td></td>
</tr>
<tr>
<td>Billing Information*</td>
<td></td>
</tr>
</tbody>
</table>

* This Information may not always be classified as Sensitive Data but can be used for Social Engineering by a thief. It should still be secured.
Workplace Requirements

Compliance Standards for the Protection of Confidential and Sensitive Information

There can be “safe harbor” for businesses that make a reasonable effort to safeguard confidential and sensitive information. This includes:

1. The designation of an Information Security Officer.

2. A risk assessment of material internal and external risks to the security of confidential and sensitive information.

3. The design and implementation of a written Information Security Policy.

4. Employees must be trained on security policies.

5. The evaluation and adjustment of the program in light of the results of testing and ongoing monitoring of the program.

6. A plan for security incidents.
Disclaimer

This information Compliance and Awareness Program (iCAP) does not guarantee compliance with any Federal or State Government requirements. There is no guarantee against security incidents. This program is intended to help businesses to make a reasonable effort to reduce the likelihood of identity theft and fraud.
Safeguarding personal, business, financial, medical information is everyone’s responsibility! We are here to help.

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