Today’s Speakers

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Attorney
Federal Trade Commission (FTC)

Eva Velasquez
CEO & President
Identity Theft Resource Center
Overview

• What is identity theft?

• What is tax identity theft?
  – How does tax identity theft happen?
  – How to reduce your chance of being a victim
  – What to do if you’re a victim

• IRS Imposter Scams
What Is Identity Theft?
Definition of Identity Theft

- Identity theft is the misuse of another’s personal information to:
  - fraudulently obtain goods or services
  OR
  - hide from government, law enforcement, or others who perform background checks
17.6 million identity theft victims in 2014 (7% of US population)*

Over 370,000 complaints to the FTC in 2017.

*U.S. Dept. of Justice, Bureau of Justice Statistics, Victims of Identity Theft, 2014 (September 2015)
### Examples of Misuse
- Open Credit Cards
- Open Utility Accounts
- Apply for a Tax Refund
- Get a Loan
- Apply for Employment
- Get Medical Care

### Impact on Victims
- Denial of credit/loans
- Denial of public benefits
- Denial of medical care
- Denial/loss of employment
- Harassment by debt collectors
- Legal issues/arrest
- Stress/anxiety
- Recovery time/expense
Victim Impact

• How distressing was the misuse or attempted misuse of your personal information?
  – Severely distressed (75%)
  – Moderately distressed (17%)
  – Not distressed at all (less than 2%)

## Emotional Reactions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Frustration/annoyance</strong></td>
<td>(80%)</td>
</tr>
<tr>
<td><strong>Fear for financial security</strong></td>
<td>(67%)</td>
</tr>
<tr>
<td><strong>Violated</strong></td>
<td>(66%)</td>
</tr>
<tr>
<td><strong>Helpless/powerless</strong></td>
<td>(53%)</td>
</tr>
<tr>
<td><strong>Loss of ability to trust</strong></td>
<td>(44%)</td>
</tr>
<tr>
<td><strong>Suicidal</strong></td>
<td>(7%)</td>
</tr>
</tbody>
</table>

**Deeper Dive Into Emotional Reactions**

<table>
<thead>
<tr>
<th>Sought professional help (25%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turned to friends and family (20%)</td>
</tr>
<tr>
<td>Wanted professional help but unable to afford it (13%)</td>
</tr>
</tbody>
</table>

## Behavioral & Physical Reactions

<table>
<thead>
<tr>
<th>Reaction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sleep disturbances</td>
<td>48%</td>
</tr>
<tr>
<td>Inability to concentrate</td>
<td>37%</td>
</tr>
<tr>
<td>Fatigue</td>
<td>35%</td>
</tr>
<tr>
<td>Headaches</td>
<td>34%</td>
</tr>
<tr>
<td>Panic attacks</td>
<td>27%</td>
</tr>
</tbody>
</table>

What Is Tax Identity Theft?
What Is Tax Identity Theft?

• Filing a fraudulent tax return using another person’s Social Security number

• Claiming someone else’s children as dependents

• Claiming a tax refund using a deceased taxpayer’s information

• Earning wages under another person’s Social Security number
Short-term Trends

Between 2016 and 2017:

• Total identity theft complaints down 7%

• Tax identity theft complaints down 38%

• IRS imposter scam complaints down 54%

» Consumer Sentinel Data
## Id Theft Complaint Trends

<table>
<thead>
<tr>
<th>Total Number of Identity Theft Complaints</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>290,102</td>
<td>332,647</td>
<td>490,220</td>
<td>399,223</td>
<td>371,157</td>
</tr>
</tbody>
</table>

*Consumer Sentinel Data*
# Scope of the Tax Id Theft Problem

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Id Theft Complaints that are Tax-related</td>
<td>33%</td>
<td>45%</td>
<td>33%</td>
<td>22%</td>
</tr>
</tbody>
</table>

*Consumer Sentinel Data*
Trends in Total & Tax IDT

- Total IDT
- Tax IDT
Top Identity Theft Complaints
2017 Sentinel Data

- Credit Card
- Tax & Employment
- Bank Accounts
- Mobile Phone
- Utilities

Credit Card: 40%
Tax & Employment: 25%
Bank Accounts: 15%
Mobile Phone: 10%
Utilities: 5%
IRS Imposter Scams – FTC Stats

- 2013: 2,185
- 2014: 52,343
- 2015: 96,371
- 2016: 117,943
- 2017: 56,065
IRS Imposter Scams

Complaints

- 2013
- 2014
- 2015
- 2016
- 2017

- 0
- 20000
- 40000
- 60000
- 80000
- 100000
- 120000
- 140000

Complaints
How Does Tax Identity Theft Happen?
How Does Tax Identity Theft Happen?

- Lost or stolen wallets, Medicare cards, smartphones
- Theft by family, friends, visitors, advisors
- Dumpster diving
- Stolen mail or tax returns
- Imposter scams
- Corrupt insiders
- Corrupt tax preparation services
How Does Tax Identity Theft Happen Online?

• Data breaches
• Phony emails from imposters
• Unsecure Wi-Fi hotspots
• Peer-to-peer file sharing
• Downloading software or apps from unknown sources
Warnings Signs of Possible Tax Identity Theft

- Social Security number is lost, stolen, or compromised
- Unusual delay in getting a refund
- IRS notification:
  - duplicate tax return filing
  - unreported income
  - duplicate dependents
How to Lessen Your Chance of Becoming a Victim
Understanding Identity Theft

• Your identity is valuable, regardless of your perceived status
Practicing Good Identity Hygiene for Individuals

• Small actions add up
• It’s not just what you do, but what you don’t do
Case Study – What Not to Do

• Veronica
• Edgar
Tips to Minimize Your Risk of Identity Theft

**S**trengthen passwords & privacy settings
Use at least 8 characters (numbers, symbols, upper/lower case) for your password and adjust/update your social media privacy settings, if necessary

**H**andle PII with care
Don’t give out Personal Identifying Information (PII) unless absolutely necessary

**R**ead credit reports annually
Go to AnnualCreditReport.com for a free credit report annually

**E**mpty your purse/wallet
Don’t carry any more than necessary and never your Social Security card

**D**iscuss these tips with friends
Share your knowledge and educate those around you
Tips to Minimize Your Risk of Tax Identity Theft

• **Who?**
  – Know your tax preparer

• **When?**
  – File first: beat the crooks. File your returns as early in the tax season as possible

• **How?**
  – If mailing, do not put tax returns in outgoing mail; mail tax returns directly from the post office
  – If filing electronically, use a secure network
  – Store returns securely and shred drafts
Practicing Good Identity Hygiene For Your Business

• Protecting their data is YOUR responsibility
• It can happen to you
• It can be a business ending event
Reducing the Risk of Identity Theft

• **Protect what you have**
  – Minimize personal information in wallets or on smartphones
  – Keep personal information secure - locked

• **Be careful what you share**
  – Don’t give info unless you know who’s asking and why
  – Don’t click on links sent in unsolicited email

• **Monitor**
  – Review mail and financial statements
  – Annualcreditreport.com

• **Dispose properly**
  – Shred
What to Do If You’re a Victim
IdentityTheft.gov can help you report and recover from identity theft.

HERE'S HOW IT WORKS:

Tell us what happened.
We'll ask some questions about your situation. Tell us as much as you can.

Get a recovery plan.
We'll use that info to create a personal recovery plan.

Put your plan into action.
If you create an account, we'll walk you through each recovery step, update your plan as needed, track your progress, and pre-fill forms and letters for you.
Which statement best describes your situation?

- I want to report identity theft.
- Someone else filed a Federal Tax return using my information.
- Someone has my information or tried to use it, and I’m worried about identity theft.
- My information was exposed in a data breach.
- Something else.

Got Feedback? Tell us what you think.

IdentityTheft.gov is the federal government’s one-stop resource for identity theft victims. The site provides streamlined checklists and sample letters to guide you through the recovery process.

Visit ftc.gov/idtheft for prevention tips and free resources to share in your community.

Privacy Policy

Create a Personal Recovery Plan
Browse Recovery Steps

Know Your Rights
Sample Letters
Warning Signs of Identity Theft
What To Do If Your Info Is Lost or Stolen
Helpful Contact Info
Report Identity Theft to the FTC and the IRS

Next, we are going to ask for specific details. We will use the information you provide to create your:

- FTC Identity Theft Report
- IRS Identity Theft Affidavit
- Recovery Plan

These will help you fix problems caused by the identity theft.

Continue ➔
Tax Fraud

When did you find out that someone was using your information to file taxes?

Month
January

Year
2018

Have you submitted an IRS Identity Theft Affidavit (Form 14039)?

What's this?

- No, not yet
- Yes

Did you receive a notice or letter from the IRS about this matter?

- Yes, please provide the number listed on the notice or letter
- No

What was the last year you filed a Federal Tax return?

2017

List the tax year(s) you experienced identity theft. Please provide up to 8 years.

2016

Add Another Year

Start Over

Continue→
Great, your two reports are ready for review.

FTC Identity Theft Report  &  IRS Identity Theft Affidavit

Let's review your FTC Identity Theft Report first.
Identity Theft Report

I am a victim of identity theft. This is my official statement about the crime.

Contact Information

Tanya Taxpayer
123 Main St.
Washington, DC 20580

202-326-2717
TanyaTaxpayer5@mailinator.com

Personal Statement

In January 2018, I tried to e-file my 2017 tax return, but got a message back saying that the IRS already had received a 2017 tax return with my name and Social Security number. I was due a $1,300 refund!

Tax Fraud

Date that I discovered it
1/2018

Under penalty of perjury, I declare this information is true and correct to the best of my knowledge.

I understand that knowingly making any false statements to the government may violate federal, state, or local criminal statutes, and may result in a fine, imprisonment, or both.

Tanya Taxpayer
01/09/2018

Use this form to prove to businesses and credit bureaus that you have submitted an FTC Identity Theft Report to law enforcement. Some businesses might request that you also file a report with your local police.
Form 14039

Identity Theft Affidavit

Section A - Check the following box(es) in this section that apply to the specific situation you are reporting. (Required for all filers)

☑ 1. I am submitting this Form 14039 for myself.
☐ 2. This Form 14039 is submitted in response to a ‘Notice or Letter’ received from the IRS.
   - Please provide ‘Notice or Letter’ number(s) on the line to the right.

Section B - Reasons For Filing This Form. (Required)

Check only ONE of the following boxes that apply to the person listed in Section C below.

☑ 1. Someone used my information to file taxes.
☐ 2. I don’t know if someone used my information to file taxes, but I’m a victim of identity theft.

Please provide an explanation of the identity theft issue, how you became aware of it and provide relevant dates. If needed, please attach additional information or pages to this form.

In January 2018, I tried to file my 2017 tax return, but got a message back saying that the IRS already had received a 2017 tax return with my name and Social Security number. I was due a $1,300 refund.

Section C - Name and Contact Information of Identity Theft Victim. (Required)

Victim’s last name

Taxpayer

First name

Middle initial

Taxpayer Identification Number

(Please provide 9-digit Social Security number)

132 Main St.

Current City

Washington

State

20000

ZIP Code

Tax Year(s) you experienced identity theft. (If not known, enter ‘Unknown’ in one box below)

☐ 2016

What is the last year you filed a return?

10/17

Address used on the last filed tax return (If different than ‘Current’)

Names used on last filed tax return (If different than ‘Current’)

City (Or last tax return filed)

State

ZIP Code

Telephone number with area code (Optional). If deceased, please indicate ‘Decedent’

Home telephone number

Cell phone number

Best time(s) to call

Language in which you would like to be contacted:

☑ English

☑ Spanish

Section D - Penalty of Perjury Statement and Signature. (Required)

Under penalty of perjury, I declare that to the best of my knowledge and belief, the information entered on this Form 14039 is true, correct, complete, and made in good faith.

Signature of taxpayer, or representative, conservator, parent or guardian

Date Signed

11/09/2018
Your FTC and IRS reports are ready to go.
Almost Done! We recommend creating a **free account** so you can:

- **Download** your IRS Identity Theft Affidavit (Form 14039) anytime
- Get a **personal recovery plan** that tracks your progress
- Print **prefilled** letters and forms
- Return anytime to **update and view** your FTC Identity Theft Report
- **Save time** if this ever happens again

Yes, submit and create account ➔

No thanks, submit and download a one-time copy

I understand that I will **NOT** be able to make updates.
Instead, I will receive a **one-time copy** of my documents.

← Previous
Great. Your account has been created!
Here, you can download your FTC Identity Theft Report, or interact with your recovery plan.
Click on the first step, and we’ll guide you through the process. We’ve prefilled letters and forms to make it easier for you.

You have successfully submitted your IRS Identity Theft Affidavit (Form 14039).
Please complete the remaining recovery plan steps.

Your Recovery Plan

- Contact the IRS.
- Place a fraud alert on your credit reports.
- Review your credit reports for fraud.
- Consider placing an extended fraud alert or credit freeze.

Report identity theft to the FTC.
Contact the IRS.

Completed?  Tasks

☐  If you get an IRS notice in the mail, follow the instructions provided.

☑  Complete IRS Identity Theft Affidavit (Form 14039), and then mail or fax it according to the instructions.

Submitted 01/09/2018

Download PDF

☐  File your tax return, and pay any taxes you owe. You might have to mail paper tax returns.

☐  If these steps don’t resolve your situation, contact the IRS for specialized assistance at 1-800-908-4490.
Identity Theft

• Free print materials to order: www.ftc.gov/bulkorder
IRS Imposter Scams
What are IRS Imposter Scams?

• Scammers posing as the IRS call and say you owe taxes

• They might also:
  – Threaten to arrest or deport you if you don’t pay
  – Know all or part of your SSN
What are IRS Imposter Scams? (continued)

• They might also:
  – Rig caller ID to make it look like call is from DC (202 area code) so you think it is the IRS
  – Demand immediate payment by pre-paid debit card or wire transfer
  – Send bogus IRS emails to further the scheme
IRS Imposter Scams –
What You Need to Know

• The IRS will not ask you to pay with prepaid debit cards or wire transfers

• The IRS will not ask for a credit card number over the phone

• The IRS will not threaten arrest, deportation or loss of your drivers license
IRS Imposter Scams –
What You Need to Know (continued)

• If the IRS needs to contact you, they will generally first do it by mail

• If you have any doubts, call the IRS directly at 800-829-1040
Report IRS Imposter Scams

- TIGTA = Treasury Inspector General for Tax Administration
  - tigta.gov
  - 800-366-4484

- FTC
  - ftc.gov/complaint
  - 877-FTC-HELP
Questions? Contact Us!

- **ITRC**
  - idtheftcenter.org
  - 888-400-5530 (toll-free)
  - Live Chat feature
  - itrcc@idtheftcenter.org
  - ID Theft Help App

- **FTC**
  - ftc.gov/complaint
  - 877-FTC-HELP
  - lschifferle@ftc.gov
Thank You!