

Child Identity Theft and the Need for Consumer Education

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Child identity theft is a growing problem in American society. Data from the Debix Identity Protection Network indicate that up to 5.0% of all children under age 18 are victims of identity theft (Identity Theft Labs, 2008). Child identity theft occurs when an individual under the age of 18 has his or her identity stolen (Identity Theft Resource Center, 2007). Child identity theft victims endure many hardships as they enter adulthood, including financial hardships resulting from a destroyed credit record and emotional consequences that include a lack of trust, anger, and other negative emotions (Betz, 2007; Foley & Nelson, 2007b). The emotional toll of identity theft can be great, resulting in anxiety and depression. Some victims have even committed suicide (McCoy & Schmidt, 2008).

Purpose

The primary purpose of this paper is to provide a review of the existing literature as well as an overview of educational resources related to child identity theft. A secondary purpose of this paper is to emphasize the current relevance of child identity theft and the negative experiences victims face as they attempt to recover from the crime.

Identity Theft with Emphasis on Child Identity Theft

Identity theft occurs when someone steals an individual's personal information in order to impersonate the individual financially, medically, or to abuse their character (Cullen, 2007; Schmidt & McCoy, 2005). Children's identities are often stolen by their own parents (Identity Theft Resource Center, 2007; Sullivan, 2004). Parents have used their children's identities to establish utilities, obtain auto loans, and open credit card

accounts (Sullivan, 2004). In a 2006 study conducted by the Identity Theft Resource Center, 69% of child identity theft victims had their identity stolen by one of their parents or a step parent, and 54% of these had their identities stolen from their parents when they were very young, between birth and five years of age (Identity Theft Resource Center, 2007).

Children's identities are also stolen by other individuals who have access to their personal information, including their Social Security number and birth certificate (Sealey, 2003). These perpetrators are often distant relatives, school employees, and health care workers. Children may also expose themselves to identity theft by posting personal information on social networking sites such as MySpace and Facebook (Betz, 2008). Many children post photos, their home address, full birth date, and other personal details on these sites. This information can then be used by others to commit identity theft.

A growing number of cases of child identity theft are being reported in the media. One victim had her identity stolen as a child and again as a young adult. The perpetrators were never apprehended. Nevertheless, the victim felt her life was greatly altered as she entered adulthood: "At 19, I started life behind the eight ball with all this wrecked credit" (KCCI, 2007). Another child identity theft victim experienced losses as a young adult: "I have been attempting to purchase a car since I was 19 and a home for the past three years. However, I am always denied for the loans I apply" (Yuille, 2007a). As young adults, child identity theft victims are often denied opportunities others may take for granted, including student loans, car loans, and credit cards.

Children's identity theft can go unnoticed for long periods of time (Foley & Nelson, 2007b). One reason is because children do not engage in much financial activity prior to adulthood. Another reason is that they do not yet have the knowledge and skills needed to protect their personal information and to know when that information may be exposed to others. In fact, children typically do not find out they have been identity theft victims until they apply for credit as adults (Yuille, 2007b). Therefore,

parents often do not have any indication that their child's identity is at risk or has been stolen. For this reason, parents should regularly monitor their child's credit report *regardless* of whether they suspect a theft has occurred. Child identity thieves thrive on the ignorance of parents. As a result, thieves have ample time to use a child's identifying information such as to open fraudulent accounts or obtain employment. One child's Social Security number was being used by an identity thief before she had been born (Identity Theft Labs, 2008). By the time the child and her family found out about it, her identity had been used for 25 years.

Repairing the financial damage left behind by child identity theft can take many years and can last well into adulthood (Vila, 2007). For example, some victims of identity theft may be denied loans for major purchases such as a car or home (Experian, 2007). Child identity theft victims may also miss out on job opportunities that require a credit check before hiring. The emotional impact of child identity theft can remain indefinitely. Common emotions felt by victims include a loss of trust, betrayal, and isolation (Foley & Nelson, 2007b). Fear, embarrassment, and anger are also common emotions experienced by child identity theft victims. As previously mentioned, identity theft victims may also feel anxious and depressed. Some have even committed suicide (McCoy & Schmidt, 2008).

In cases of identity theft perpetrated by family members, emotional reactions to the crime can become complicated due to inherent family dynamics. Victims often exhibit emotional reactions consistent with victims of repeated abuse (Cullen, 2007; Identity Theft Resource Center, 2007). Further complicating the difficulties of child identity theft perpetrated by family members is that law enforcement officials sometimes believe these cases fall under the jurisdiction of family law when they do not (Foley & Nelson, 2007b). This most often happens in cases where a parent steals the identity of their own child.

Educational Resources

There are a number of opportunities for consumer educators to provide information and resources to the public about child identity theft. However, it is important that these programs be well constructed. Many consumer fraud programs provide case studies to educate consumers about consumer scams and other consumer protection issues (Friedman, 1998). Friedman points out though that there are two key problems associated with this approach. First, the case studies cited often are extreme stories that do not provide a representative picture of the average or typical consumer fraud case. Second, the select group of case studies cited often leave out important information about the factors that led up to the consumer fraud problem in the first place (Fattah & Sacco, 1989). Friedman's points should be heeded by developers of child identity theft programs. Many case studies can be taken from media reports. However, some caution is necessary when relying on these reports, since the cases of identity theft that are covered by the media tend to be extreme cases, and therefore not typical of the type of identity theft that affects the majority of victims (McCoy & Schmidt, 2008). Child identity theft can happen in a variety of ways and its impact on victims can differ according to what personal information was stolen and how it was used.

Media reports of child identity theft seldom provide specific information on the manner in which the child's identity was stolen. It may be useful for consumer educators to provide examples of individuals who have had "close calls" with becoming a child identity theft victim and how they managed to avoid it. This information could help parents to take proactive, rather than reactive, steps to protect their children. Parents also need general information on what identity theft is and what specific actions they can take to protect themselves and their children. Consumer educators can disseminate this information to parents using multiple delivery methods, including educational seminars, newspaper and magazine articles, and one-on-one sessions. It is

equally important that consumer educators also share this information with young adults, especially high school and college students. These emerging adults are in the process of establishing their "financial identity" and may not yet understand how easy it is for identity theft to occur. Given this, consumer educators may also want to incorporate information on identity theft into existing courses and curriculum such as personal finance or consumer economics classes.

A number of useful educational resources related to child identity theft are available on online, including the Identity Theft Resource Center (ITRC), the Federal Trade Commission (FTC), and the American Association of Family and Consumer Sciences (AAFCS). Table 1 provides links to the ITRC, FTC, and AAFCS websites related to child identity theft, along with their intended audiences. The ITRC has a "Teen Space" on its website that provides information to teens, parents, and teachers regarding identity theft. In "Teen Space," there is an emphasis on Internet safety (Identity Theft Resource Center, n.d.). The FTC's website has a link that is devoted solely to protecting children's privacy. The site focuses on the Children's Online Privacy Protection Act (COPPA) of 1999 and has resources for parents, consumer educators, and teachers to help keep children's identities safe (Federal Trade Commission, n.d.). In 2008, AAFCS adopted a public policy resolution to help consumers and families address issues related to identity theft, including child identity theft (AAFCS, n.d.). This resolution was passed with the intention that members of AAFCS would support local, state, and national educational efforts on identity theft and would work together as an organization to raise consumer awareness on identity theft.

Measures to Protect Children from Identity Theft

In order to guard against identity theft, McCoy and Schmidt (2008) propose a total identity awareness approach. This approach essentially means being aware of where one's personal information is stored and minimizing one's exposure of personal

information whenever possible. This approach is applicable to children as well. However, parents need to assume total identity awareness for their children. The key to an individual's identity is their Social Security number. Children are issued Social Security numbers at very young ages in order for parents to claim them as a tax deduction (Yuille, 2007b). The increased issuance of Social Security numbers at an early age has contributed to the increase of child identity theft (Yuille, 2007b). If a child's Social Security number is requested, parents should ask why it is needed and how it will be kept secure. Also, as previously mentioned, parents should ensure that their children are not posting personal information on social networking websites, like MySpace and Facebook, that put them at risk for identity theft. McCoy and Schmidt (2008) also recommend that consumers purchase a quality identity theft protection service that offers legal support. Examples of these products include LifeLock, Pre-Paid Legal Services, Inc., and Equifax Credit Watch Gold. McCoy and Schmidt (2008) rate Pre-Paid Legal Services, Inc. as the "best" identity theft protection service product because it offers clients round-the-clock access to attorneys, provides clients with a daily credit alert, and is reasonably priced.

An easy way to monitor one's financial identify is to check one's credit report via <http://www.annualcreditreport.com>. This site was established by the Fair and Accurate Credit Transactions Act (FACTA) of 2003 and allows consumers to check each of their three credit bureau reports (Experian, Equifax, and TransUnion) once annually at no cost (McCoy & Schmidt, 2008). If a parent has been the victim of identity theft, it is important for the parent to check their child's credit report as well to see if there is any fraudulent activity in the child's records. A "red flag" for financial identity theft of a child is if the child starts to receive pre-approved credit offers – this means the child is on creditor marketing lists and most likely has a credit history.

Parents who suspect that their child has been a victim of identity theft should also check with the Social Security Administration to see if their child has an earnings statement

(Vila, 2007). If a child has a statement and has not worked for an entity that has requested their Social Security number for employment purposes, an identity thief may have used their Social Security number to secure employment.

Table 1: Child Identity Theft Educational Websites

Author/Organization	URL	Intended Audience(s)
American Association of Family and Consumer Sciences (AAFCS)	http://www.aafcs.org/res/policy/IDTheft_Resolution.pdf	Consumer educators
Federal Trade Commission (FTC)	http://www.ftc.gov/bcp/menus/consumer/data/child.shtml	Parents, teachers, consumer educators
Identity Theft Resource Center	http://www.idtheftcenter.org	Children, teens, parents, teachers, consumer educators

Child Identity Theft Recovery

Recovery from child identity theft can be a long and frustrating process. The first steps to recovery are to file a police report and contact the creditors and credit bureaus to notify them of the theft (Cullen, 2007). If the identity theft victim is under the age of 18, parents need to assume this responsibility. Specifically, parents need to place a fraud alert on each of their children's credit reports (Experian, Equifax, and TransUnion). A fraud alert prevents accounts from being opened under their child's name. It also prevents perpetrators from using their child's personal

information without their explicit consent. When an active fraud alert is placed on a credit report, creditors must be provided proof of identity, and contact the individual when someone is attempting to open an account using their personal information. Initial fraud alerts remain on a consumer's credit report for 90 days; extended fraud alerts can be requested by the consumer and last for seven years. Many states allow consumers to place a "credit freeze" on their credit reports, which suspends any credit activity in that consumer's name until the consumer requests that the credit freeze be lifted. This is also an option for parents of child identity theft victims to consider as they work towards clearing their child's name. Caution needs to be exercised though when requesting a fraud alert or credit freeze, as the freeze needs to be lifted before the child applies for credit in his or her own name. Also, some states charge consumers a fee to place and remove a credit freeze. However, many states, including Indiana, Illinois, and Iowa, waive these fees for identity theft victims (Consumers Union, n.d.).

Child identity theft victims also need to complete an identity theft affidavit form to formally document that their identity has been stolen. The Federal Trade Commission provides a sample affidavit in its publication, "Take Charge: Fighting Back Against Identity Theft" (<http://www.ftc.gov/bcp/edu/microsites/idtheft>). The affidavit, along with all supporting documentation related to the identity theft, should be mailed using a return receipt, and all documentation and return receipts should be kept by the victim's parents. The victim's parents should also keep a log of all face-to-face and telephone conversations regarding the identity theft, including what entity was called, the individual they spoke with, the time and length they spoke with the individual, and what was discussed during the meeting. If the child is a legal adult at the time the identity theft is discovered, the child will need to assume responsibility for these tasks.

Victims of child identity theft may also need to take steps to emotionally recover from the crime, as the emotional consequences of identity theft can remain long after the victim

has recovered financially (Cullen, 2007). For parents of minor children who have been victimized, as well as for young adults who find out they were victimized as children, the first step to emotional recovery is to acknowledge that a crime has taken place and that it is normal to feel mistrustful, angry, and afraid. It is important for victims, as well as for the parents of victims, to find coping strategies to manage the anxiety and stress associated with identity theft. These coping strategies might include breathing exercises, eating a healthy diet, and exercising regularly (Cullen, 2007). Additional potential coping strategies include seeking help from a professional counselor, as well as obtaining services from a local victim assistance program. Finding support, as well as time, is essential to successful emotional recovery.

The tasks outlined above are basic steps to begin recovering from identity theft. However, by no means is this list exhaustive. For more comprehensive information, please review the following fact sheet from the Identity Theft Resource Center (ITRC) entitled "Financial Identity Theft: The Beginning Steps" (Foley, 2007).¹ The fact sheet provides detailed information on identity theft in general, including consumers' rights under the law, how to organize and document the crime, assessing the damage, and rebuilding one's identity. The ITRC has a similar fact sheet on recovering emotionally from identity theft entitled "Identity Theft – Overcoming the Emotional Impact" (Foley and Nelson, 2007a).² Another fact sheet from the ITRC, "Identity Theft and Children," focuses specifically on child identity theft and its implications financially, legally, and emotionally (Foley & Nelson, 2007b).³ All of these fact sheets point out that the tasks involved in recovery vary according to the type of identity theft as well as how long ago the theft occurred. Each individual case is unique and there is no

¹http://www.idtheftcenter.org/artman2/publish/v_fact_sheets/Fact_Sheet_10_0_-_Financial_Identity_Theft_-_The_Beginning_Steps.shtml

²http://www.idtheftcenter.org/artman2/publish/v_fact_sheets/Fact_Sheet_10_8_Overcoming_The_Emotional_Impact.shtml

³http://www.idtheftcenter.org/artman2/publish/v_fact_sheets/Fact_Sheet_12_0.shtml

single path to recovery — it takes a tremendous amount of work and persistence.

Conclusions

Identity theft, including child identity theft, is on the rise. The effects of this crime can be long lasting and damaging. Several initiatives have been undertaken in recent years to educate consumers about identity theft, but little has been done to educate consumers specifically about child identity theft. Ideas for providing more effective consumer education on this issue include educating parents about child identity theft, as parents are in the position to protect their children's identities, and educating pre-teens, teenagers, and college student.

As more and more youth participate as consumers in our economy, they face the possibility of inadvertently putting their identities at risk by sharing information in the marketplace and online. Parent education could be provided via multiple mediums including seminars and articles in popular media. Pre-teens, teenagers, and college students could be educated about child identity theft through the integration of this information into existing courses and curriculum. After school programs and extracurricular activities, such as 4-H or Scouts, could also provide "teachable moments." There may also be opportunities for students to teach their peers about the dangers of identity theft through class projects and social media campaigns on Facebook, YouTube, and Twitter. Regardless of the delivery method, any educational effort regarding child identity theft needs to emphasize the long-term financial and emotional damage associated with being a victim. Consumer educators are in an ideal position to provide information about this crime and to help individuals and families protect themselves and establish financial security.

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