

MANAGING THE RISK OF FRAUD

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IDENTITY THEFT CAN HAPPEN TO ANYONE

PART 3

This is the final instalment of our 3 part series on identity theft in which we present an explanation of what identity theft is, how the fraudsters can acquire your identity and what you can do to protect against becoming a victim. Lastly, should all of the above fail and you do become a victim, what to do so as to minimize your loss and exposure. If you have missed the first two parts, please visit our website to get your copies (www.levifca.com).

CAN I PROTECT MY IDENTITY?

The good news is that there are things you can do to help protect against becoming a victim of identity theft, to discover suspicious activity early and to correct problems if you might be a victim.

The Federal Trade Commission, which



is one of the lead federal agencies in consumer fraud prevention programs in the US, calls these steps “Deter, Detect and Defend.” All of these steps are based on the ideas of prudent self-protection and a good measure of common sense.

Deterrence

When it comes to identity theft, the saying that an “ounce of prevention is worth a pound of cure” certainly holds true. Deterrence actions make it difficult

DO'S AND DON'TS

- Don't give out your personal information on the phone and do not confirm any information on the phone.
- Don't give a card number over the phone unless you initiated the call.
- Don't, if possible, deposit outgoing mail in collection boxes or at your local post office unless the box is secure.
- Don't leave incoming mail in your mailbox overnight.
- Don't carry your social security card around, leave it at home in a safe place.
- Do report lost or stolen cheques immediately.
- Do tear or shred anything that is waste that contains your name and address.
- Do check financial statements regularly.
- Do limit printed information on your personal cheques to just a first initial and last name.
- Do retrieve all purchase receipts with credit card information.
- Do obtain a free credit report at least twice a year and crosscheck all accounts.
- Do keep list all accounts and credit cards with their numbers and the phone number to call and cancel if lost or stolen, in a secure place.
- Do carry only the credit cards you will use.

Approximately 10 million Americans each year discover that their personal information has been used to open fraudulent bank accounts, credit cards, or utility accounts – or used to commit crimes.

for a potential criminal to get your personal information.

Among the most basic and common things you should do include:

Be sure to buy a shredder and use it to destroy all documents that contain personal information.

Reveal personally identifying information only when absolutely necessary, and, where possible, avoid giving your social insurance number with your date of birth.

Avoid using easily decipherable PIN numbers, such as your address, date of birth, or the last four digits of your social insurance number. Use different PINs or passwords for different accounts.

If you are going on extended vacation or trip for business or pleasure, make sure to have your mail forwarded or kept at the post office and notify the credit agencies to place a temporary freeze on your file.

Detection

Just as important as prevention of identity theft is vigilance in looking for misuse of your information. Remember that timely detection soon after a problem occurs will make dealing with it many times easier than if you find out about it years later. Two basic steps to detect identity theft include:

First, read your existing bank and credit card accounts and be sure to follow up with that company if you find a questionable transaction.

Second, review your credit report at least twice a year. These are available at no charge from Canada's two major national credit reporting agencies.

**There is no reason to be paranoid;
there's just reason to be careful.**

WHEN ALL ELSE FAILS AND YOUR IDENTITY HAS BEEN STOLEN

If you find that you are a victim of potential identity theft, be sure to take action to correct records and protect your name and credit.

STEP 1: Contact the Police

File a report with your local police department and, if the identity theft did not take place within your area, file a report with the police from the area where the theft took place. Make sure to get a copy of the police report. You may need that documentation to support your claims to credit bureaus, creditors, debt collectors, or other companies.

File a report with PhoneBusters (PhoneBusters is a national anti-fraud call centre jointly operated by the Ontario Provincial Police and the Royal Canadian Mounted Police - www.phonebusters.com).

If you are unable to obtain a copy of the police report, be sure to get the report number.

STEP 2: Closing Accounts

If you notice any accounts under your name that have been tampered with or opened without your consent, close them immediately. The longer that an identity thief has access to these accounts, the more money you could lose.

Call each bank or company and then follow up in writing. If there are fraudulent charges or debts on your account or if a new account has been opened, you should immediately file a fraud report with your bank's fraud department.

If a new account has been opened without your knowledge and consent, ask the company with which the account has been opened if they have a fraud department. If they do, file a fraud report with that department. If not, ask if they will accept the Identity Theft Statement available from the PhoneBusters website.

If you close an existing bank account and open a new one, be sure to create new PINs (Personal Identification Numbers) and passwords.

STEP 3: Fraud Alert

The next step is to place a fraud alert on your credit file as well as review your credit report. This will prevent an identity thief from opening any more accounts in your name. You should contact the two major credit bureaus – Equifax and Trans Union.

While there are different types of alerts and entitlements associated with fraud alerts, each of them ensures that businesses carefully identify a customer using your information before completing a transaction.

Be Prepared

Perhaps the most important aspect for dealing with identity theft is to understand the crime, and that anyone can be a victim.

If you follow the strategy to deter, detect, and defend against identity theft, you can prevent the likelihood of being a victim. Following these steps can also ease the sting that this crime may bring.

The Financial Consumer Agency of Canada (FCAC) is encouraging Canadian consumers to review their credit report regularly for the warning signs of identity theft. To assist consumers in doing so, FCAC has issued Understanding Your Credit Report and Credit Score, a new booklet that offers key information on obtaining and understanding a credit report and score and getting any errors corrected. This booklet is available to the public free of charge through FCAC's Web site (www.fcac.gc.ca) and the Agency's toll-free Consumer Contact Centre (1-866-461-3222).

Important Numbers and Contacts**Equifax**

www.equifax.com

Canada - 1-800-465-7166

Equifax Canada Inc.

Box 190, Jean Talon Station

Montreal, Quebec H1S 2Z2

United States - 1-800-525-6285

P.O. Box 740241

Atlanta, GA 30374-0241

Trans Union

www.transunion.com

Canada -1-866-525-0262

TransUnion Canada

P.O. Box 338, LCD 1

Hamilton, ON L8L 7W2

Quebec - 1-877-713-3393

TransUnion (Echo Group)

1 Place Laval Suite 370

Laval, PQ H7N 1A1

United States - 1-800-680-7289

Fraud Victim Assistance Division

P.O. Box 6790

Fullerton, CA 92834-6790

Northern Credit Bureaus Inc.

Canada Only - 1-800-532-8784

336 Rideau Boulevard

Rouyn - Noranda QC J9X 1P2

PhoneBusters

Box 686

North Bay, Ontario P1B 8J8

1-888-495-8501

Canadian Financial Institutions

Amex Bank of Canada - 1-866-215-5388

BMO Financial Group - 1-800-353-9922

CIBC - Contact your branch

Citibank Canada - -1-800-387-1616

Desjardins Credit Union - Contact your branch

HBC Hudsons Bay - 1-800-263-2599

ING Direct - 1-888-464-1111

RBC Financial Group - Contact your branch

Scotiabank - 1-800-813-6602

Sears Canada - 1-800-565-3460

TD Financial Group - Contact your branch

Major Credit Cards - Check your card for numbers to call

Experian (US Only)

www.experian.com

P.O. Box 9532

Allen, TX 75013

1-888-EXPERIAN (397-3742)

US Federal Trade Commission

Consumer Response Center

600 Pennsylvania Avenue, Room 130-B

N.W. Washington, D.C., 20580

1-877-ID-THEFT (1-877-438-4338)

THE CREDIT SCORE - YOU HAVE ONE

A credit score is a number that is calculated based on your credit history to give lenders a simpler “lend/don’t lend” answer for people who are applying for credit or loans.

The system awards points based on information in the credit report, and the resulting score is compared to that of other consumers with similar profiles. With this information, lenders can predict how likely someone is to repay a loan and make payments on time.

Although there are several scoring methods, the score most commonly used by lenders is known as a **FICO** because of its origins with Fair Isaac and Company. Fair Isaac is an independent company that came up with the scoring method and software used by banks and lenders, insurers and other businesses. Each of the three major credit bureaus (Experian, Equifax and TransUnion) worked with Fair Isaac in the early 1980’s to come up with the scoring method.

The three national credit bureaus each have their own version of the FICO score with their own names. Each is based on the original Fair Isaac FICO scoring method and produces equivalent numerical results for any given credit report.

The number itself can range from **300 to 900**. The formula for exactly how the score is calculated is proprietary information and owned by Fair Isaac. Here, however, is an approximate breakdown of how it is determined:

- **35% of the score is based on your payment history.** The score is affected by how many bills have been paid late, how many were sent out for collection, any bankruptcies, etc. *When* these things happened also comes into play. The more recent, the worse it will be for your overall score.

- **30% of the score is based on outstanding debt.** How much do you owe on car or home loans? How many credit cards do you have that are at their credit limits? The more cards you have at their limits, the lower your score will be.

- **15% of the score is based on the length of time you’ve had credit.** The longer you’ve had established credit, the better it is for your overall credit score. Why? Because more information about your past payment history gives a more accurate prediction of your future actions.

- **10% of the score is based on the number of inquiries on your report.** If you’ve applied for a lot of credit cards or loans, you will have a lot of inquiries on your credit report. These are bad for your score because they indicate that you may be in some kind of financial trouble or may be taking on a lot of debt (even if you haven’t used the cards or gotten the loans). The more recent these inquiries are, the worse for your credit score. FICO scores only count inquiries from the past year.

- **10% of the score is based on the types of credit you currently have.** The number of loans and available credit from credit cards you have makes a difference. These actually come more into play if there isn’t as much other information on your credit report on which to base the score.

VISIT US

Take a moment to visit our Web Site which offers a full profile of our firm and back issues of our newsletters on business, tax and managing the risk of fraud.

www.levifca.com

**Did You Miss ?
Part 1 - Identity Theft
Explained
and
Part 2 - How do you lose your
Identity?.**

MANAGING THE RISK OF FRAUD has been prepared for the general information of our clients, staff and other interested parties. The enclosed comments are of a general nature and are not intended to cover all aspects of the subject matter. Prior to implementing any planning based upon information in this publication, the specific facts pertaining to any particular situation should be carefully considered. We will be pleased to assist in this regard and to provide further details pertaining to the matters discussed herein.

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ABOUT LEVI & SINCLAIR

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Our Chartered Accountants and Business Consultants provide advisory services on a broad range of issues to both our individual and corporate clients. The members of our firm possess unique talents, expertise and experience, giving our clients access to a knowledge base of considerable breadth and depth. Together with our support personnel, we share a commitment to developing practical solutions for the business challenges of today, and to devising strategies for tomorrow.

OUR SERVICES

Our firm takes pride in adding value to every client that we serve through our extensive expertise and proactive approach to your financial needs. We match our dedication to adding value with experience and expertise: we have experience in servicing virtually every type of industry and professional practice.

TAXATION

Our office has a strong basis in federal and provincial tax issues. Our tax group has been in existence for 50+ years and is highly qualified and experienced. Our accountants work hard to minimize your taxes, yet make sure that you fulfill your tax requirements ethically while working to add value. We can fill a variety of tax needs, both domestic and international as well as corporate and personal. Our specialties lie in tax reporting and representation, tax planning (business, personal, divorce and litigation), tax structuring of entities and transactions and tax research.

FINANCIAL

LEVI & SINCLAIR can meet all of your basic financial needs with our exemplary Accounting Services Group that can truly add value whether it's your business or your personal finances that we are reviewing. We work with business entities as well as non-profits and foundations. Our accounting services include; auditing and compilation review of financial statements, budgets and forecasts, and government reporting. We won't simply process your financial statements, our mission is to add value. We will go the extra mile to help you forecast or locate opportunities that you may be missing.

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LEVI & SINCLAIR's Business Consulting unit has proven itself as a valuable resource to businesses of all kinds. We can help you plan your future, whether you see it coming or not. We can help you bring seminal business events to life; like mergers and acquisitions, business valuation, leases and contracts, or business development plans, all of which take a huge amount of planning and attention to detail. If there are no big events on your horizon, we can still be of service by helping you to anticipate the unexpected through our forecasting, real estate projections, risk management assessments, or our feasibility studies. We look at your business and all of its many facets, to find both issues and opportunities and bring that valuable insight to you.

LITIGATION SUPPORT AND DISPUTE RESOLUTION SERVICE AREAS

- Civil and criminal Fraud Investigation
- Management and employee fraud and theft
- Identification of secret commissions and kickbacks
- Sarbanes-Oxley compliance audits
- Sarbanes-Oxley 404 audits
- Intellectual Property Litigation Support
- Training on fraud awareness and prevention
- Due Diligence Audits
- Insurance claim assistance
- Retail sales audits
- Contract dispute resolution
- Professional negligence litigation support
- Fraud prevention program design, implementation and evaluation
- Bank due diligence audits
- Employee background audits
- Financial discrepancy analysis
- Divorce litigation support
- Insurance claim quantification
- Breach of contract quantification
- Electronic Discovery and Data Recovery
- Computer forensics

CONTACT INFORMATION

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