Identity Theft 911

WHITE PAPER

Analysis of Significant Identity Theft Trends & Crime Patterns In the State of New York

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Executive Summary

- *Identity theft in New York increased by* **39%** *during the past 2 years and* **12%** *during 2004, based on complaints filed by victims with the FTC. These are slightly lower than national averages.*

- *New York ranked* **7th** *out of 50 states for per capita identity theft complaints filed in 2004 with the FTC. New York ranked* **3rd** *based on the absolute level of complaints filed with the FTC in 2004.*

- *An estimated* **800,000** *New York residents were victims of identity theft in 2004, a victim rate of* **4.2%** *versus the national average of 4.6%.*

- *The City of New York accounted for* **56%** *of the state's identity theft-related fraud during 2004, despite having only 42% of the state's population.*

- *The most heavily victimized New York metropolitan areas include: New York-Northern New Jersey-Long Island with a per capita victim complaint rate of* **103.6** *per 100,000; Rochester with a complaint rate of* **64.3***; and Buffalo-Niagara Falls at* **58.3***.*

- *The state's identity theft cost New York enterprises and victims nearly* **$6 billion** *in 2004 and drained over* **42 million hours** *in victim resolution.*

- *The victimization rate for households in New York during 2004 was* **11.5%.** *The average identity theft loss for each household in the state was* **$853** *compared to a national average of $502.*

- *The comparative impact of identity theft in New York is more severe than is being experienced nationwide; losses are* **9.3 times greater** *than are aggregate losses from burglary, larceny theft, and motor vehicle theft.*

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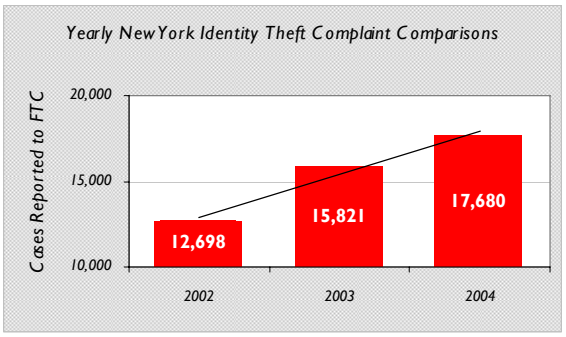
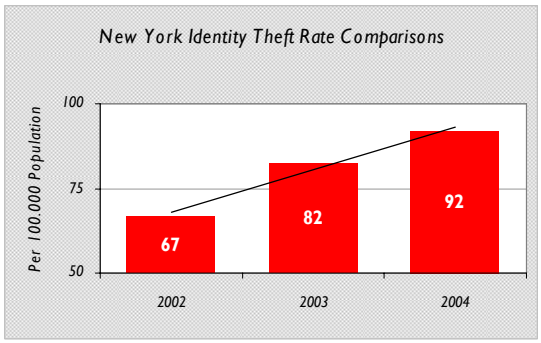
SECTION I
ANALYSIS OF NEW YORK IDENTITY THEFT CASES REPORTED TO THE FTC

During 2002 the Federal Trade Commission received 161,896 complaints from U.S. consumers claiming to be victims of identity theft. The sample is statistically significant despite the fact that reported cases only represented 1.6% of total identity theft. Crime frequencies can be parsed by state of domicile. During 2002, identity theft frequencies ranged from a high of 30,738 (California) to a low of 81 (North Dakota). The FTC also reports victim complaints on a relative basis by expressing the number of complaints filed per 100,000 of population. During 2004 rates ranged from a maximum of 142.5 (Arizona) to a minimum of 23.2 (South Dakota): mean average 64.7; standard error 3.7; and standard deviation of 26.2.

The Federal Trade Commission states that during 2004, victims residing in New York reported 17,680 instances of identity theft-related fraud.[1] During calendar 2003, New York residents reported 15,821[2] cases of identity theft, up from 12,698[3] complaints filed during 2002. New York's reported complaints in 2004 were +11.8% higher than 2003 levels and +39.2% above rates reported during 2002[4].



DATA SOURCE: Federal Trade Commission
CHART BY: Identity Theft 911



DATA SOURCE: Federal Trade Commission
CHART BY: Identity Theft 911

[1] *Federal Trade Commission. National and State Trends in Fraud & Identity Theft: January-December 2004. Data from Consumer Sentinel and the Identity Theft Data Clearinghouse. Washington, D.C. February 1, 2005.*

[2] *Federal Trade Commission. National and State Trends in Fraud & Identity Theft: January-December 2003. Data from Consumer Sentinel and the Identity Theft Data Clearinghouse. Washington, D.C. January 22, 2004.*

[3] *Federal Trade Commission. Identity Theft Victim Complaint Data: Figures and Trends January 1-December 31, 2002. Data from the Identity Theft Data Clearinghouse. Washington, D.C. January 22, 2003.*

[4] *Identity Theft 911, LLC. All statistical calculations, extrapolations and conclusions are provided by Identity Theft 911, LLC as author of this paper.*

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SECTION I (CONTINUED)
ANALYSIS OF NEW YORK IDENTITY THEFT CASES REPORTED TO THE FTC

Nationally, the FTC received 246,570[1] complaints of identity theft during 2004. This compares to a national total of 215,093[2] cases in 2003 and 161,896[3] complaints in 2002. The incidence of identity theft-related fraud in 2004 increased by +14.6% over 2003 and was +52.3% higher than in 2002. Both rates indicate that identity theft is increasing slower in New York State than is being experienced by the nation as a whole.

The trend in New York can also be demonstrated by calculating the percentage of the nation's complaints that are represented by New York: 2002, 7.8%; 2003, 7.4%; and 2004, 7.2%.

New York experienced a complaint rate of 92.0 people per 100,000 during 2004. This compares to 82.4 people per 100,000 the previous year and 66.9 in 2002. New York ranked 7th out of 50 states reporting identity theft to the FTC during 2004 (6th in 2003 and 7th in 2002).

CONCLUSION: Based on consumer complaints filed with the FTC, the incidence of identity theft in the state of New York is worsening. While identity theft-related fraud has increased nationally during the past three years (2002-2004), the rate of increase in New York has been below the national rate, even though the per capita complaint rate for New York has increased dramatically.

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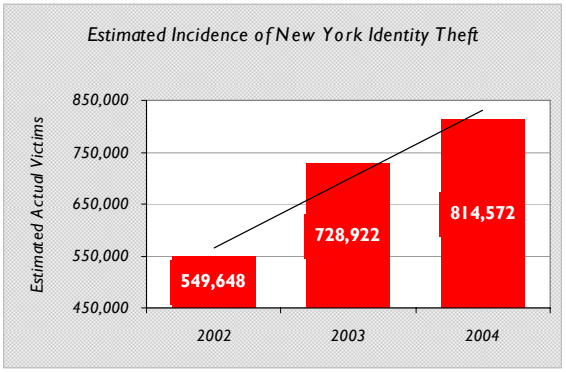
SECTION II

PROJECTING THE LIKELY INCIDENCE OF IDENTITY THEFT IN NEW YORK

Statistically significant data provides the opportunity to extend, or estimate by extrapolation, the overall incidence of identity theft throughout the state. Simply stated, the rate of case reporting to the FTC can be used to estimate the likely occurrence of identity theft throughout the state during 2004. The FTC's landmark identity theft survey released in 2003 indicated that 9.91 million Americans had been victimized by identity theft during the past year.

During the period of the FTC Survey, an estimated 549,648 New York residents were victimized by identity theft. This equates to an annual victim rate of 2.9% in 2002 versus a national average of 4.6%[5] during the same period.

If complaint rates reported in 2004 are applied to actual victimization projections, the likely incidence of identity theft in the state of New York during 2004 can be estimated at 814,572 or 4.2% (actual victim rate per 100,000 in population was 4,244.7).



DATA SOURCE: Federal Trade Commission
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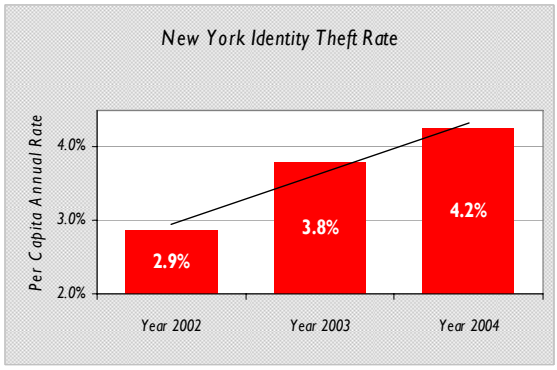

DATA SOURCE: Federal Trade Commission
CHART BY: Identity Theft 911

CONCLUSION: The per capita incidence of identity theft in New York has increased dramatically, from 2.9% to 4.2% (2002 through 2004). It is likely that nearly 800,000 New York residents experienced some form of identity theft last year.

[5] *Federal Trade Commission. Identity Theft Survey Report. Synovate. September, 2003. McLean Virginia..*

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SECTION III

IDENTITY THEFT IN MAJOR REPORTING NEW YORK CITIES

The FTC also records the city of domicile and reports the five most active cities filing identity theft complaints within each state. The FTC also ranks the major Metropolitan Statistical Areas (MSA) with a population of one million or more for identity theft-related complaints. The rankings ranged from #1 Phoenix-Mesa-Scottsdale 182.2 victim complaints per 100,000 population to #49 Pittsburgh at 49.8 victim complaints per 100,000.

The five New York cities accounting for the highest FTC complaint levels during 2004 were: New York City, 9,951 reports or 56.3% of the state's total complaints; Rochester, 394 (2.2%); Buffalo, 232 (1.3%); Yonkers, 195 (1.1%); and Syracuse, 113 (0.6%).

TOP REPORTING CITIES IN NEW YORK
ESTIMATED INCIDENCE OF IDENTITY THEFT IN 2004

	Percentage of New York's		*Estimated Identity Theft*	
City	*ID Theft*	*Population*	*Projected Victims*	*Rate*
New York City	56.3%	42.2%	458,473	5.7%
Rochester	2.2%	1.1%	18,153	8.3%
Buffalo	1.3%	1.5%	10,689	3.7%
Yonkers	1.1%	1.0%	8,984	4.5%
Syracuse	0.6%	0.8%	5,206	3.6%
TOTALS	*61.6%*	*46.6%*	*501,506*	*5.6%*
BALANCE	*38.4%*	*53.4%*	*313,067*	*3.1%*

The State of New York placed three metropolitan areas on the FTC List 49 metropolitan statistical areas for 2004: **New York-Northern New Jersey-Long Island** ranked #20 with a victims-per-100,000 rate of 103.6; **Rochester ranked** #40 at 64.3 victim complaints per 100,000; and **Buffalo-Niagara Falls** ranked #44 at 58.3.

CONCLUSION: The incidence of identity theft in New York is concentrated in the state's large metropolitan areas and cities.

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SECTION IV

ESTIMATING THE COST OF IDENTITY THEFT IN NEW YORK

The FTC's 2003 Identity Theft Survey provides several metrics that can be used to estimate victim losses in each state. The first element is the average hours required by victims to restore their identity: true identity theft, 60 hours; account takeover, 15 hours; and all identity theft-related frauds, 30 hours. The out-of-pocket victim costs for each type of fraud is: identity theft, $1,180 per victim; account takeover, $160; and average identity-theft related frauds, $500 per victim. The cost of this crime to businesses and enterprises was estimated at: identity theft, $10,200 per victim; account takeover, $2,100; and all identity theft-related frauds, $4,800.

COST OF IDENTITY THEFT IN NEW YORK DURING 2004
SEGMENTED BY FRAUD CATEGORY

Type of ID Theft Fraud	*Incidents* (Estimated)	*Enterprise Losses* (Estimated Millions $)	*Victim Losses* (Estimated Millions $)	*Victim Resolution* (Estimated Hours)
Credit Card Fraud	305,000	$2,061	$228	12,463,000
Phone/Utilities Fraud	198,000	$930	$96	11,473,000
Bank Fraud	103,000	$582	$63	3,580,000
Employment-related Fraud	59,000	$282	$29	1,759,000
Gov't Docs and Benefits Fraud	78,000	$375	$39	4,692,000
Loan Fraud	46,000	$223	$23	2,737,000
Other Forms of ID Theft	169,000	$983	$106	6,024,000
TOTALS	*958,000*	*$5,436*	*$584*	*42,728,000*

CONCLUSION: Enterprise losses attributable to identity theft during 2004 have been estimated at $5.4 billion. In addition, direct monetary losses sustained by victims in New York during the same period were approximately $584 million. New York residents lost over 42 million hours to the complicated process of identity theft resolution in 2004.

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SECTION V

CRIME COMPARISONS: PROPERTY CRIMES VS IDENTITY THEFT

The Uniform Crime Reporting (UCR) Program defines "property crime" to include burglary, larceny-theft, and motor vehicle theft. The 2003 UCR[6] reports 10.5 million property crimes compared to 9.9 million cases of identity theft. The Nation's rate of property crime offenses in 2003 was measured at 3,588 offenses per 100,000 inhabitants versus 4,600 identity theft offenses per 100,000. The estimated dollar loss attributable to property crimes (excluding arson) was nearly $17 billion compared to $53 billion in identity theft-related losses. The average property crime loss per incident was $1,619 versus the average identity theft loss of $5,300 per incident. Among the individual property crimes, the 2003 estimated dollar losses were $3.5 billion for burglary, $4.9 billion for larceny-theft, and $8.6 billion for motor vehicle theft. The estimated burglary rate was 740.5 offenses per 100,000 inhabitants producing an average loss of $1,626 per offense; larceny-theft was estimated at 2,414.5 offenses per 100,000 with an average loss of $698; and motor vehicle theft at 433.4 offenses per 100,000 with an average loss rate of $6,797 per incident.

NEW YORK CRIME COMPARISONS DURING 2004
IDENTITY THEFT VERSUS PROPERTY CRIMES

	Property Crimes (Million $)				*Identity Theft (Million $)*		
Geographic Area	*Burglary*	*Larceny Theft*	*Vehicle Theft*	*Total Loss*	*Enterprise Loss*	*Victim Loss*	*Total Loss*
New York City	*$46.0*	*$87.1*	*$160.6*	*$293.7*	*$3,060*	*$329*	*$3,389*
Rochester	*4.1*	*6.8*	*23.4*	*34.2*	*121*	*13*	*134*
Buffalo	*6.8*	*6.4*	*17.2*	*30.3*	*71*	*8*	*79*
Yonkers	*1.3*	*1.5*	*5.3*	*8.2*	*60*	*6*	*66*
Syracuse	*1.7*	*3.2*	*8.1*	*13.0*	*35*	*4*	*39*
State of New York	**$122.8**	**$216.9**	**$307.3**	**$647.0**	**$5,436**	**$584**	**$6,020**

The severity of identity theft in the U.S. is three times greater than the aggregate of all U.S. property crimes ($53 billion versus $17 billion) committed in 2003. This is a shocking comparison even though the numbers of victims are roughly equal (9.9 million versus 10.5 million). While politicians and bureaucrats leap at the opportunity to report improving crime conditions such as this statement from the FBI, "the number of robberies

[6] *Federal Bureau of Investigation. Crime in the United States: 2003. U.S. Department of Justice. Washington, D.C.*

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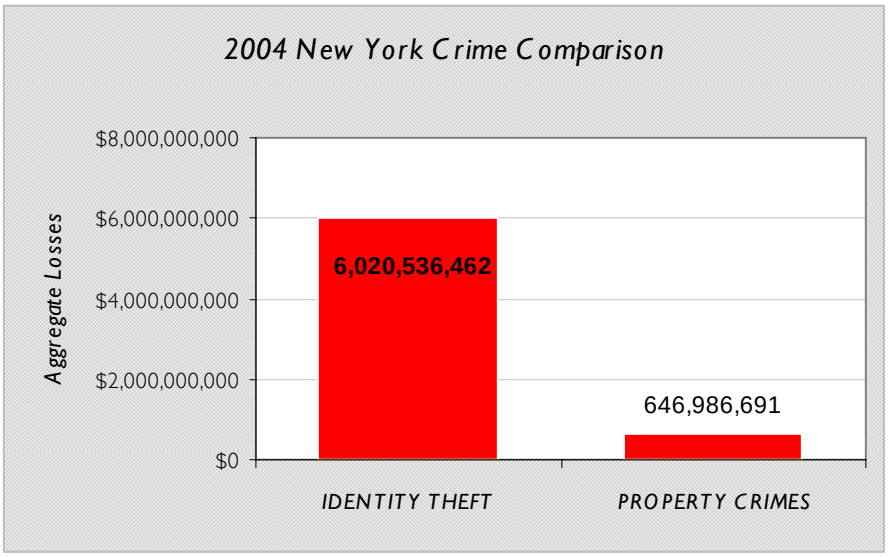
in 2003 fell 33.2% from the 1994 figure," none seem willing to state the obvious – identity theft has become the crime of choice.

Consider that the average loss from bank robbery was $4,767 in 2003. Remember that the average loss from all forms of identity theft was reported by the FTC at $4,800. From the criminal's standpoint, the risk versus reward of identity theft compared to other crimes is extraordinarily favorable. It doesn't take an MBA to figure out that the return on stealing credit card numbers far outweighs the risk of walking into a bank with a loaded weapon. The .38 Special is being replaced by the optical mouse!



CONCLUSION: The comparative impact of identity theft in New York versus property crimes is higher than national averages. New York's total identity theft-related enterprise and victim losses (statewide) during 2004 have been estimated at $6 billion – over 9.3 times greater than all losses resulting from burglary, larceny theft, and motor vehicle theft during the same period.

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SECTION VI

IDENTITY THEFT RELATIVE TO HOUSEHOLDS

If rates of identity theft are expressed in terms of households, rather than per capita, an even more ominous trend becomes apparent. For comparative purposes, it should be noted that the national victimization rate for U.S. households during 2004 was 9.4%. Alarmingly, total losses resulting from identity theft averaged $502 per U.S. household during the same period.

IDENTITY THEFT IN NEW YORK
ESTIMATED RATES PER HOUSEHOLD DURING 2004

City or Other Geographic Description	*Population* Census Yr 2000	*Households* Census Yr 2000	*Projected ID Theft Cases*	*Loss per Household*	*Household Victim Rate*
New York City	8,098,066	3,021,888	458,473	$1,121	15.2%
Rochester	217,527	88,999	18,153	1,508	20.4%
Buffalo	288,187	122,720	10,689	644	8.7%
Yonkers	197,569	74,351	8,984	893	12.1%
Syracuse	145,411	59,482	5,206	647	8.8%
TOTALS	8,946,760	3,367,440	501,506	1,101	14.9%
BALANCE IN STATE	10,243,355	3,689,420	313,067	627	8.5%
STATE TOTALS	*19,190,115*	*7,056,860*	*814,572*	*$853*	*11.5%*

CONCLUSION: The average household victimization rate in the State of New York was 11.5% during 2004. Losses from identity theft in New York averaged $853 per household. Identity theft in New York City is significantly worse, with a household victimization rate of 15.2%.

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RESEARCH AND STATISTICAL ANALYSIS
Identity Theft 911, LLC

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