

Identity Theft **911**

WHITE PAPER

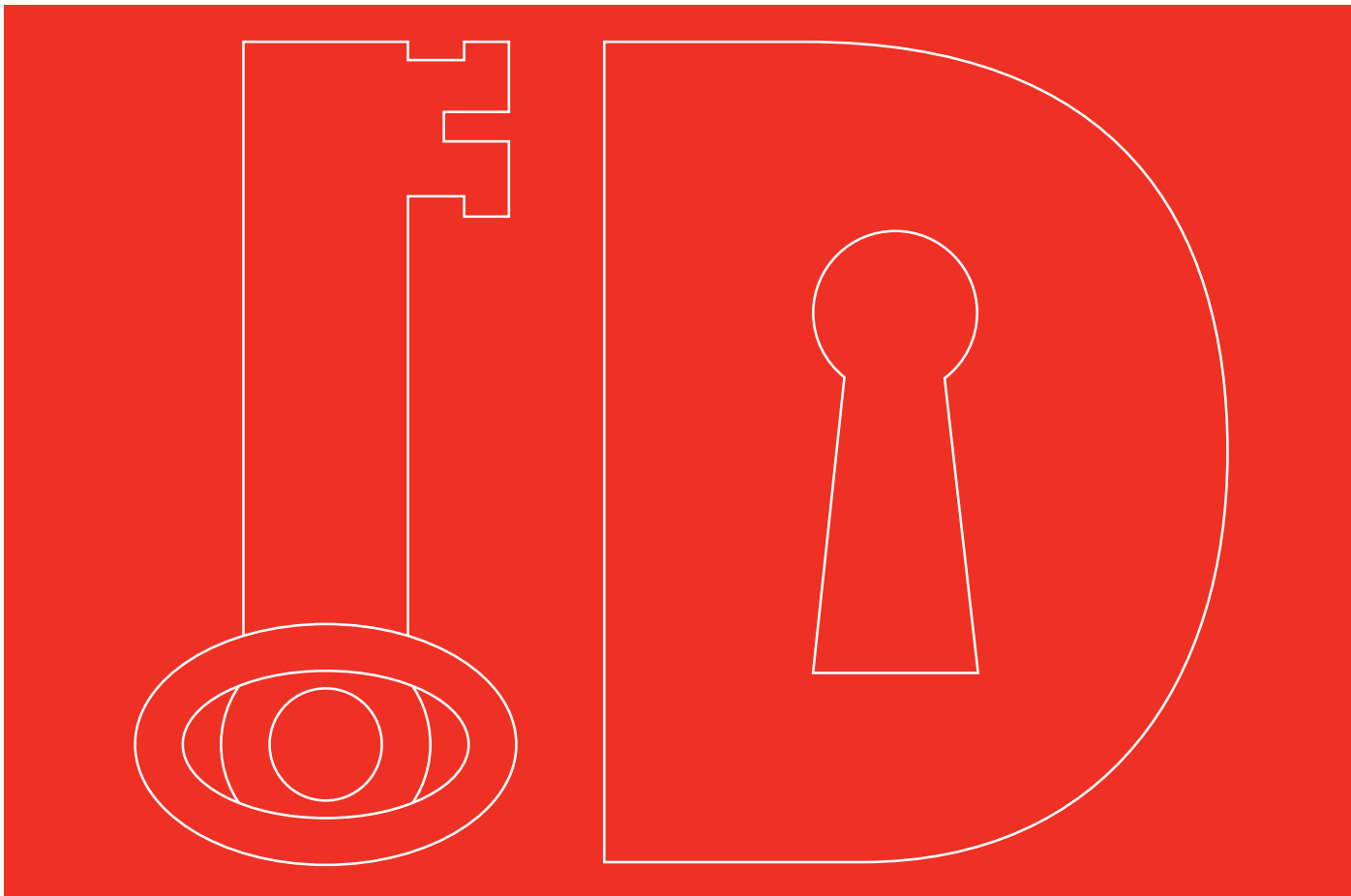
Analysis of Significant Identity
Theft Trends & Crime Patterns
In the State of **SOUTH CAROLINA**

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Executive Summary

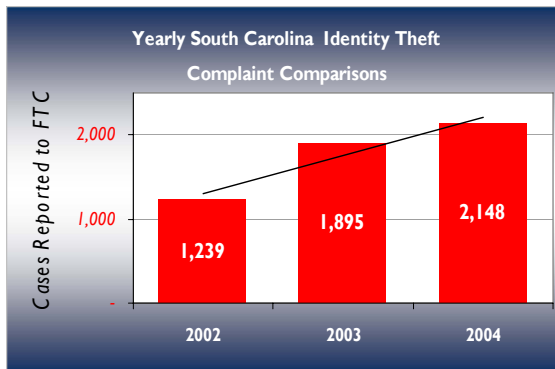
- Identity theft in South Carolina increased by **73.4%** from 2002 through 2004, and **13.4%** from 2003 through 2004 (derived from complaints filed with the FTC). The 2-year compound annual growth of identity theft in South Carolina was **31.7%** versus 23.4%, nationally.
- South Carolina ranked **#31** out of 50 states for per capita identity theft-related complaints filed in 2004 with the FTC and **#27** based on the absolute level of complaints.
- An estimated **100,000** South Carolina residents were victims of identity theft in 2004. This produced a victim rate of **2.4%** versus the national average of 4.6% (FTC 2003). The incidence rate has dramatically increased from 1.0% in 2002.
- The five South Carolina cities experiencing the highest levels of identity theft in 2004 were: **Columbia** (10,366 incidents or 10.5% of the state's total identity theft); **Charleston** (6,128 or 6.2%); **Rock Hill** (5,068 or 5.1%); **Greenville** (4,976 or 5.0%); and **Summerville** (2,580 or 2.6%).
- In aggregate, Columbia, Charleston, Rock Hill, Greenville, and Summerville account for nearly 30% of South Carolina's identity theft-related frauds but the five only constitute 8% of the state's population.
- Identity theft cost South Carolina enterprises and victims nearly **\$700 million** in 2004 and drained over **5 million hours** in victim resolution.
- Columbia, Charleston, Rock Hill, Greenville, and Summerville collectively experienced a victimization rate of **21.3% of their households** or more than one-in-five during 2004. Statewide, South Carolina's identity theft household rate was far less at 6.5%. Clearly, these five cities are highly susceptible to this escalating crime.
- South Carolina crime statistics indicate that financial losses caused by identity theft are **2.6 times greater** than aggregate losses from burglary, larceny theft, and motor vehicle theft (FBI Uniform Crime Report 2003).

SECTION I

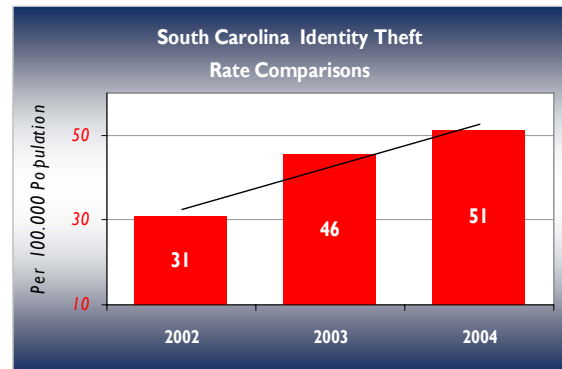
ANALYSIS OF SOUTH CAROLINA IDENTITY THEFT CASES REPORTED TO THE FTC

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 reports that during 2004, victims residing in South Carolina reported 2,148 instances of identity theft-related fraud.¹ During 2003, South Carolina residents reported 1,895² cases of identity theft, up from 1,239³ in 2002. South Carolina's reported complaints in 2004 were +13.4% higher than 2003 levels and +73.4% above rates reported during 2002⁴. The two-year compound growth of identity theft in South Carolina was **31.7%** per annum (2002 through 2004).



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



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

SECTION I (CONTINUED)

ANALYSIS OF SOUTH CAROLINA IDENTITY THEFT CASES REPORTED TO THE FTC

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.

Nationally, the FTC received 246,570¹ complaints pertaining to identity theft during 2004. This compares to 215,093² cases in 2003 and 161,896³ 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. The two-year compound rate of growth in the nation's identity theft was 23.4% from 2002 through 2004. On a comparative basis, the per capita rate of identity theft growth in South Carolina was greater than the nation experienced as a whole.

The trend can also be demonstrated by calculating the percentage of the nation's identity theft complaints that are represented by South Carolina: 0.77% in 2002 versus 0.87% in 2004. The relative incidence of identity theft in South Carolina, compared to national averages, has worsened over the past two years.

South Carolina experienced an identity theft complaint rate of 51.2 people per 100,000 during 2004. This compares to 45.7 people per 100,000 the previous year and 30.9 in 2002. The per capita incidence of identity theft in South Carolina was the 31st highest of 50 states reporting to the FTC during 2004 (33rd in 2003 and 35th in 2002). On an absolute basis, South Carolina experienced the 27th highest incidence of identity theft in the country during 2004.

CONCLUSION: *South Carolina residents had enjoyed a relatively low incidence of identity theft until 2003. From 2002 through 2004, South Carolina experienced rate increases in identity theft-related frauds above most national comparisons.*

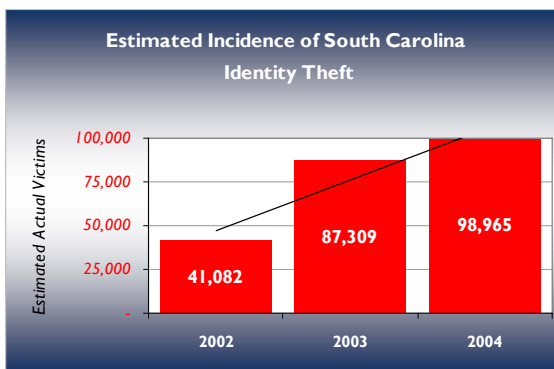
SECTION II

PROJECTING THE LIKELY INCIDENCE OF IDENTITY THEFT IN SOUTH CAROLINA

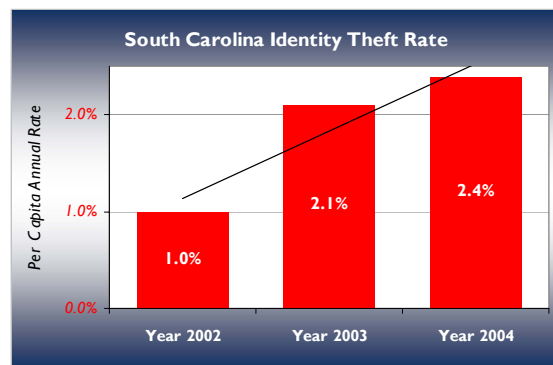
Statistically significant data provides the opportunity to extend, or estimate by extrapolation, the overall incidence of identity theft throughout the state. Simply stated, the rate of case reporting to the FTC can be used to estimate the likely occurrence of identity theft throughout the state during 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 41,082 South Carolina residents were victimized by identity theft. This equates to an annual rate of 1.0% in 2002 versus a national average of 4.6%⁵ during the same period.

If complaint rates reported in 2004 are applied to victimization projections, the likely incidence of identity theft in the state of South Carolina during 2004 can be estimated at 98,965 or 2.4% (actual victim rate per 100,000 in population was 2,386.3).



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



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

CONCLUSION: The projected incidence of identity theft in South Carolina during 2004 was estimated to be 98,965, up from 41,082 in 2002. The per capita incidence of identity theft in South Carolina increased dramatically, from 1.0% in 2002 to 2.4% in 2004. The crime of identity theft in South Carolina is escalating at a rapid rate.

SECTION III IDENTITY THEFT IN MAJOR REPORTING SOUTH CAROLINA CITIES

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

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 South Carolina cities reporting the highest FTC complaint levels during 2004 were: **Columbia**, 225 cases or 10.5% of the state's total complaints; **Charleston**, 135 (6.2%); **Rock Hill**, 110 (5.1%); **Greenville**, 108 (5.0%); and **Summerville**, 56 (2.6%).

TOP REPORTING CITIES IN SOUTH CAROLINA
ESTIMATED INCIDENCE OF IDENTITY THEFT IN 2004

CITY	PERCENTAGE OF SOUTH CAROLINA'S		ESTIMATED IDENTITY THEFT	
	ID THEFT	POPULATION	PROJECTED VICTIMS	RATE
Columbia	10.5%	2.8%	10,366	8.9%
Charleston	6.2%	2.3%	6,128	6.3%
Rock Hill	5.1%	1.2%	5,068	10.2%
Greenville	5.0%	1.4%	4,976	8.9%
Summerville	2.6%	0.7%	2,580	9.3%
5-City TOTAL	29.4%	8.4%	29,118	8.4%
<i>Balance of State</i>	<i>70.6%</i>	<i>91.6%</i>	<i>69,847</i>	<i>1.8%</i>
State TOTAL	100.0%	100.0%	98,965	2.4%

The most heavily victimized city in South Carolina has been identified as Rock Hill, with a victimization rate of 10.2%, followed by Summerville at 9.3%, Columbia at 8.92%, Greenville at 8.89%, and Charleston at 6.3%.

SECTION III (CONTINUED)
IDENTITY THEFT IN MAJOR REPORTING SOUTH CAROLINA CITIES

South Carolina did not place any metropolitan statistical areas on the FTC List of 49 MSA's during 2004 except as part of the Charlotte-Gastonia-Concord, NC-SC MSA which exhibited an annual complaint rate of 99.4 per 100,000 and ranked 21st in the nation.

CONCLUSION: *Columbia, Charleston, Rock Hill, Greenville, and Summerville, in aggregate, only account for 8% of the state's population. Nevertheless, the five cities account for nearly 30% of South Carolina's identity theft. Although the state's overall identity theft rate was only 2.4% in 2004 (half the national average) the aggregate rate in these cities was 8.4% (nearly twice the national average). South Carolina residents living in other areas of the state experienced an identity rate of less than 2%.*

SECTION IV

ESTIMATING THE COST OF IDENTITY THEFT IN SOUTH CAROLINA

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 per victim; 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 SOUTH CAROLINA DURING 2004 SEGMENTED BY FRAUD CATEGORY

TYPE OF ID THEFT FRAUD	INCIDENTS ^A (Estimated)	ENTERPRISE LOSSES (Estimated Millions \$)	VICTIM LOSSES (Estimated Millions \$)	VICTIM RESOLUTION (Estimated Hours)
Credit Card Fraud	26,000	\$188	\$21	1,133,000
Phone/Utilities Fraud	23,000	\$108	\$11	1,332,000
Bank Fraud	20,000	\$93	\$10	583,000
Employment-related Fraud	7,000	\$32	\$3	199,000
Gov't Docs and Benefits Fraud	9,000	\$41	\$4	511,000
Loan Fraud	8,000	\$37	\$4	448,000
Other Forms of ID Theft	25,000	\$135	\$14	836,000
TOTALS	117,000	\$634	\$68	5,041,000

^AExceeds annual projections because of multiple fraud events

CONCLUSION: Enterprise losses attributable to identity theft have been estimated at \$634 million during 2004. Direct monetary losses sustained by victims in South Carolina during the same period were approximately \$68 million. South Carolina residents lost over 5 million hours to the complicated process of identity theft resolution in 2004.

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 UCR⁶ 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.

**SOUTH CAROLINA CRIME COMPARISONS DURING 2004
IDENTITY THEFT VERSUS PROPERTY CRIMES**

GEOGRAPHIC AREA	PROPERTY CRIMES (Million \$)				IDENTITY THEFT (Million \$)		
	BURGLARY	LARCENY THEFT	VEHICLE THEFT	TOTAL LOSS	ENTERPRISE LOSS	VICTIM LOSS	TOTAL LOSS
Columbia	\$2.3	\$4.1	\$5.6	\$12.0	\$66.4	\$7.1	\$73.5
Charleston	1.4	2.5	3.8	7.8	39.3	4.2	43.4
Rock Hill	1.0	1.5	1.7	4.2	32.5	3.5	35.9
Greenville	1.3	2.2	2.0	5.5	31.9	3.4	35.3
Summerville	.3	.7	.5	1.5	16.5	1.8	18.3
State of South Carolina	\$70.8	\$88.2	\$107.1	\$266.2	\$633.9	\$67.6	\$701.5

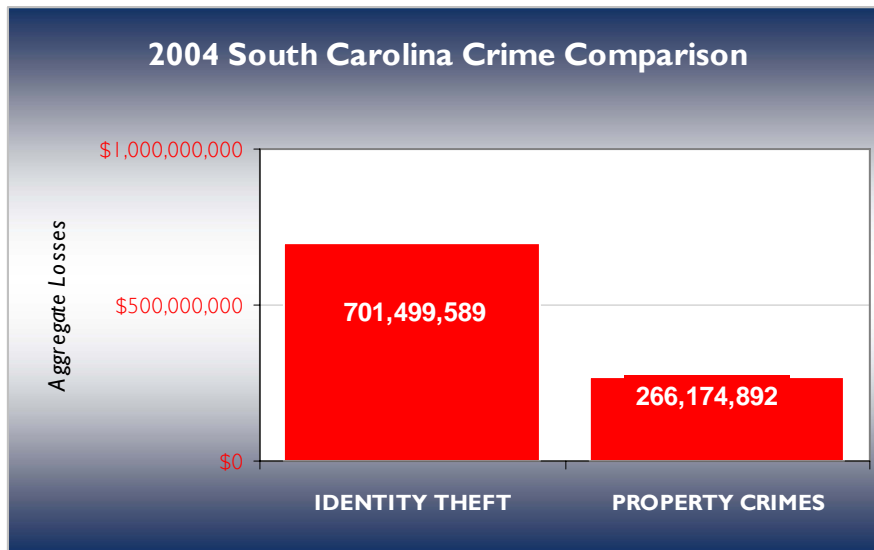
The severity of identity theft in the U.S. is three times greater than the aggregate of all U.S. property crimes -- \$53 billion versus \$17 billion (FTC and FBI, 2003). This is a shocking comparison even though the numbers of victims are roughly equal (9.9 million versus 10.5 million). While politicians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

SECTION III (CONTINUED)
IDENTITY THEFT IN MAJOR REPORTING SOUTH CAROLINA CITIES

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

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 (FBI, 2003) and that the average loss from all forms of identity theft was \$4,800 (FTC, 2003). The apprehension rate for bank robbery varies from 50% to 75% with some estimates as high as 84%. The apprehension rate for identity theft has been estimated at 1-in-700. From the criminal's standpoint, the risk versus reward of identity theft compared to other crimes is extraordinarily favorable. Quite obviously, the potential return from credit card skimming far outweighs the risk of armed robbery. *The .38 Special is being replaced by the optical mouse!*



CONCLUSION: *The comparative crime impact of identity theft in South Carolina is slightly less than national averages. South Carolina’s total identity theft-related losses (both enterprise and direct victim losses) have been estimated at \$700 million – 2.6 times greater than all losses resulting from burglary, larceny theft, and motor vehicle theft in South Carolina during 2004.*

SECTION VI

IDENTITY THEFT RELATIVE TO HOUSEHOLDS

If rates of identity theft are converted to households, an even more ominous scenario emerges. For comparative purposes, it should be noted that the national victimization rate for U.S. households during 2004 was 9.4%.

IDENTITY THEFT IN SOUTH CAROLINA ESTIMATED RATES PER HOUSEHOLD DURING 2004

CITY OR OTHER GEOGRAPHIC DESCRIPTION	POPULATION Census Yr 2003	HOUSEHOLDS Census Yr 2000	PROJECTED ID THEFT CASES	HOUSEHOLD VICTIM RATE
<i>Columbia</i>	116,278	42,245	10,366	24.5%
<i>Charleston</i>	96,650	40,791	6,128	15.0%
<i>Rock Hill</i>	49,765	18,750	5,068	27.0%
<i>Greenville</i>	56,002	24,382	4,976	20.4%
<i>Summerville</i>	27,752	10,391	2,580	24.8%
<i>5-City Total</i>	346,447	136,559	29,118	21.3%
<i>Balance in South Carolina</i>	3,800,705	1,397,025	69,847	5.0%
<i>South Carolina Totals</i>	4,147,152	1,533,584	98,965	6.5%

CONCLUSION: *The average household victimization rate in the State of South Carolina was **6.5%** compared to the national average of 9.4% in 2004. However, Columbia, Charleston, Rock Hill, Greenville and Summerville, collectively, experienced a shocking victimization rate of **21.3%** or one-in-five households during 2004.*

15 August 2005
RESEARCH AND STATISTICAL ANALYSIS