



FRI/SAT/SUN, AUGUST 10-12, 2001

# States do their part to squash identity theft

Many work to add laws to books or toughen existing fines, prison time

By Sandra Block USA TODAY

The battle against identity theft is increasingly being fought at the state level.

Forty-six states now have identity theft laws, up from just three in 1996, according to the Federal Trade Commission. And many state lawmakers are considering toughening laws already on the books.

The measures reflect growing concerns about the rise of identity theft, one of the fastest-growing types of financial fraud in the USA. Victims often spend years trying to undo the damage to their credit records.

"As a nation, we haven't stepped up to recognize this as the crime that it is," says Washington state Attorney General Christine Gregoire.

What states are doing:

- **Toughening penalties.** In the past, identity theft was often treated as a misdemeanor, punishable by a small fine. But law enforcement officials say those laws failed to take into account the long-term impact on victims, who may be unable to get a loan or mortgage because of damage to their credit rating.

Many states are basing penalties on the criminal's gains, not the victim's losses. Under a new Montana law that will take effect in October, the maximum penalty for identity theft involving more than \$1,000 in gains is a \$10,000 fine and 10 years in jail.

- **Giving victims the right to seek damages.** Under a law enacted in Washington state last month, victims can file a police report with credit reporting agencies along with a request to

block the agencies from giving out negative information stemming from identity theft. If a credit bureau doesn't comply, the victim can seek civil damages in court.

The law "really sends a message to credit bureaus that they're going to be liable for failing to prevent and perpetuate identity theft," says Scott Lavin, A New York attorney who has represented identity-theft victims. The law was modeled after a similar statute in Idaho.

- **High-profile prosecutions.** Last month, a Florida grand jury indicted six people in an alleged \$200,000 identity-theft scheme. The indictment charged the group with using stolen identities to commit credit card fraud, buy cars, open fraudulent checking accounts and obtain instant loans.

The grand jury, which was empaneled last month, is expected to hand down more indictments over the next year, says Thomas Sadaka, special counsel in the attorney general's office. The panel will also look at whether the state should make any additional changes to its existing identity-theft law, Sadaka says.

Some consumer advocates say tougher identity theft laws won't do much good unless they're accompanied by more examples of tough enforcement.

Investigating identity theft is a labor-intensive, time-consuming process, and few police departments have the resources to do the job, says Beth Givens, director of the Privacy Rights Clearinghouse. "What the police need is more funding so they can increase the number of financial fraud investigators," she says.

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Reprinted from USA Today August 10-12, 2001