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Federal Trade Commission/Office of the Secretary
Room H–135 (Annex C)
600 Pennsylvania Avenue, NW
Washington, DC 20580.

Re: Interagency proceeding in Procedures to Enhance the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies under Section 312 of the Fair and Accurate Credit Transactions Act, Project No. R611017

Dear Messrs. Brinckerhoff and Singh,

Thank you for soliciting comment on enhancing the accuracy and integrity of information furnished to consumer reporting agencies. My comments consider how furnishing certain information could contribute to fraud detection at consumer reporting agencies. That is, the agencies should focus on how furnishing information could be optimized so that fraudulent tradelines would be more easily recognized on consumer reports.

In research for forthcoming work, I obtained actual applications submitted to credit grantors by impostors. These applications have many errors that suggest that the business granting credit either did not authenticate the impostor at all, or overlooked disconfirming information. For instance, one creditor extended credit to an impostor who badly misspelled the victim's name. Others accepted applications with obvious indicia of fraud, including wrong addresses, wrong dates of birth, etc.

Several victims of identity theft who participated in the study had obvious "intratextual" indicia of identity theft in the consumer report. That is, by simply analyzing the consumer report, with no extrinsic information, it should have been obvious that the fraud was present. These individuals had years of perfect payment history, but towards the end of their reports, one found numerous collections accounts that received no payment at all. For instance, a summary of one participant's credit score reads, "You paid 100% of your accounts on time." However, towards the end of the individual's report, a reviewer would have found 20 obligations where no payment had ever been made.

These findings lead me to believe that furnishing certain information would assist everyone in the consumer reporting ecosystem to recognize fraud. Please seek comment on the following issues:

- Should furnishers include the fact that an identity theft red flag was raised at the inception of the account? Many of the applications in my study should have triggered fraud alerts, but credit grantors opened accounts in spite of false information. If furnishers indicated that an account triggered red flags, perhaps that fact would assist consumer reporting agencies, users, and consumers in recognizing that the tradeline does not belong to the consumer.

- Should furnishers signal the fact that a new address was collected from the credit applicant? The most common indication of fraud in my sample of identity theft victims was a new address, one not already on the victim's consumer report. A notation that a new address was captured could reduce the problem of pollution in consumer reports, and help other users decide whether to rely upon the new address when considering an applicant for new tradelines.

- Should furnishers indicate whether the consumer never paid any amount of the obligation? As noted above, several study participants had a perfect payment history for legitimate accounts, but made no payments at all on fraudulent accounts. The dichotomy between responsible and completely derelict payment may indicate fraud. Signaling this fact may assist consumer reporting agencies, users, and consumers in recognizing that the tradeline does not belong to the consumer.

Thank you for soliciting comment on enhancing furnisher accuracy. Fraud is a major contributor to inaccuracy in consumer reports. The integrity of reports may be strengthened through enhanced furnishing, which could help all participants in the consumer reporting ecosystem recognize fraudulent tradelines. One could even imagine tweaks to furnishing requirements that could enable automated fraud detection at consumer reporting agencies. Such systems could recognize fraud at its inception, and minimize losses to businesses and consumers alike.

Respectfully submitted,

/s

Chris Jay Hoofnagle
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