

**Before the
FEDERAL TRADE COMMISSION
Washington, D.C. 20580**

Comments of
Kroll's Fraud Solutions Practice

Credit Report Freezes –

Comment, Project #P075420

February 25, 2008

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Background and Introduction

Kroll's Fraud Solutions Practice ("Kroll") appreciates the opportunity to provide comments in response to the Federal Trade Commission's ("FTC" or "Commission") request for information regarding the impact and effectiveness of credit freezes as part of a multi-pronged approach to combat identity theft.

Kroll (krollfraudsolutions.com) began providing identity theft solutions in 1999 and created its Fraud Solutions practice in 2002 in response to increasing requests from clients for counsel and services associated with the loss of sensitive personal information, and related identity protection and restoration issues facing organizations and individuals. Since then, Kroll's Fraud Solutions team presently serves over 10,000 businesses and millions of individual consumers. Kroll is a contributing member of the Identity Theft Prevention and Identity Management Standards Panel (IDSP), spearheaded by the American National Standards Institute (ANSI) and Better Business Bureau (BBB).

We commend the Commission and the President's Identity Theft Task Force ("Task Force") for their important work in combating identity theft and fraud. We hope that Kroll's experience, gained through its thousands of hours of consultative and restorative service to consumers who believed themselves to be – or actually were – victims of identity theft, will be useful to both the Commission and the Task Force in furthering the understanding of individual identity management as it explores the feasibility of a federal credit freeze.

I. General

Kroll has primarily limited its remarks to the experiences of consumers; a group with whom our Fraud Solutions' Licensed Investigators have a deep and ongoing relationship.

II. Experiences of Consumers

Good for victims of recurring id theft: The consumers we serve that have placed credit freezes seemed very happy to be able to do so.

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There have been only a few. One lived in a state that already allowed a credit freeze. Another lived in a state without credit freeze legislation and placed the freeze as soon as the credit bureaus gave him the opportunity. Each suffered from recurring credit-related identity theft. In both cases, the theft of their identity caused major problems with using their own credit. It affected their ability to get home loans and enter into a new business. The credit freeze appears to have stopped new credit from being obtained in their names.

Two investigators in particular mentioned that the freeze may be more suitable for the elderly or disabled, because it might provide stronger protection from a caregiver or other person who might try to take advantage of them.

But it doesn't always work well: One consumer stated he placed a credit freeze and had problems when he tried to finance a car purchase. The consumer did not receive any type of confirmation or personal identification number (PIN) from the CRAs. When the credit check was done at the dealership, only one bureau had blocked the information. The client had sent his request to each of the three consumer credit repositories.

Consumers don't understand credit freezes clearly, or confuse them with fraud alerts: Most consumers our Investigators have talked with don't understand the credit freeze. They think that no one can do *anything* with *any* aspect of their credit without first calling them. They also think that they won't be able to use their existing credit cards if they have a credit freeze (or fraud alert, for that matter) in place.

When they call Kroll with questions and we talk about the fraud alert and the credit freeze, they more often seem interested in the fraud alert. This is especially true when the consumer is not a victim and would have to pay for the credit freeze.

Lack of understanding of what a credit freeze does and doesn't do can lead to a false sense of security by the consumer. One

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investigator talked to a consumer who had placed a credit freeze for himself, but only with **one** CRA. It didn't appear that he understood how ineffective freezing only one report would be.

Placing freeze seen as complicated: Consumer feedback indicates that the complexity of the initial set-up of the credit freeze hinders its use. It is understandable that consumers might well choose to place a fraud alert because the *automated system for placing the alert is easier and quicker*. In addition some non-victims don't like having to pay for a freeze. Also, consumers are uncomfortable with sending their personal data through the mail to request a credit freeze. Those who are current victims of id theft are more willing to navigate the requirements called for to place and manage a credit freeze.

In the path of the storm: Middle Tennessee, where Kroll's Fraud Solutions office is located, was devastated by a swath of tornadoes that struck the area in early February. Still on our minds, Investigators expressed concern about the time it takes to lift a freeze. What happens to the person who's been affected by such a catastrophe, and needs his credit freeze lifted immediately? Waiting three days is not an option in the wake of disaster.

V. Other

Would we place a credit freeze for ourselves?

Kroll investigators who stated they would use a credit freeze said they would do so only if faced with a personal identity theft situation where *recurrent* credit-related id theft was involved.

In conclusion

Education of consumers about their individual rights; ease of access to and use of tools that aid the individual in managing his or her own identity; and improving other self-help mechanisms that already exist may have greater value than additional regulatory action.

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