

THE CHALLENGE

Maria checked her credit card statement online and noticed several large purchases she didn't make—electronics ordered from across the country and shipped to an unfamiliar address. The charges totaled nearly \$3,000. She didn't know how her information was stolen or what steps she needed to take to protect herself.

What should Maria do immediately, and how could she have prevented this from happening?

Learning Objectives

- Identify different tactics used by identity thieves and how they operate.
- Evaluate strategies for protecting your personal information from theft.
- Explain the step-by-step process for responding to identity theft.

CORE CONCEPTS

Term	Definition
Identity Theft	Fraudulent acquisition and use of a person's private identifying information, usually for financial gain.
Credit Freeze	A security measure that restricts access to your credit report, making it harder for thieves to open accounts in your name.
Fraud Alert	A notice placed on your credit report that alerts creditors you may be a victim of fraud.
Data Breach	When information is stolen from a system without authorization, potentially exposing personal data.
Skimming	Illegal copying of information from the magnetic strip of a credit or ATM card using a device.

Background: Identity theft affects millions of Americans annually, with losses reaching billions of dollars.

Beyond immediate financial impacts, victims face damaged credit scores and time-consuming recovery processes—the FTC estimates 200+ hours over 6 months to resolve. Thieves use both digital methods (phishing, data breaches, malware) and physical methods (mail theft, dumpster diving, skimming) to steal information. Understanding these tactics and implementing preventive measures significantly reduces your vulnerability.

APPLY IT

PART A: IDENTITY THEFT TACTICS ANALYSIS

For each method, identify the type of theft and explain how to protect yourself.

Scenario 1: The Suspicious Email

You receive an email appearing to be from your bank asking you to verify your account by clicking a link and entering your username, password, and Social Security number. The email warns your account will be frozen if you don't respond within 24 hours.

Type of theft tactic: _____ (phishing / skimming / dumpster diving)

Protection: _____

Scenario 2: The Gas Station

After using your debit card at a gas pump, you notice fraudulent charges on your account days later. The gas station later announced that thieves had installed hidden devices on their card readers.

Type of theft tactic: _____ (phishing / skimming / social engineering)

Protection: _____

Scenario 3: The Discarded Documents

David threw away his old bank statements and pre-approved credit card offers without shredding them. A month later, someone opened a credit card in his name using information from those documents.

Type of theft tactic: _____ (data breach / dumpster diving / mail theft)

Protection: _____

Hint: Identity thieves use both high-tech (phishing, malware, data breaches) and low-tech (mail theft, dumpster diving, skimming) methods. Protection requires addressing both.

PART B: WARNING SIGNS COMPARISON

Warning Sign	What It Could Mean	Immediate Action to Take
Unexpected credit denial		
Bills/statements stop arriving		

Unfamiliar accounts on credit report		
Collection calls for unknown debts		
IRS notice of duplicate tax return		

PART C: RECOVERY ACTION PLAN

4. Put these identity theft recovery steps in the correct order (1-6):

- File a report with the FTC at IdentityTheft.gov
- Place a fraud alert with a credit bureau
- Call affected companies to close/freeze accounts
- Continue monitoring credit reports and statements
- File a police report if needed
- Change all passwords and PINs

5. Create your personal identity protection checklist. List THREE specific actions you will take to protect yourself.

CHECK YOUR UNDERSTANDING

1. What is the MOST important difference between a credit freeze and a fraud alert?

- A. A credit freeze costs money; fraud alerts are free
- B. A credit freeze blocks new credit inquiries; a fraud alert warns creditors to verify identity
- C. A fraud alert removes fraudulent accounts; a credit freeze does not
- D. They are the same thing with different names

2. Why would an identity thief file a tax return in someone else's name?

3. Maria (from The Challenge) discovered fraudulent charges. List the FIRST THREE actions she should take, in order.

4. Explain why regularly checking your credit report from all three bureaus (Equifax, Experian, TransUnion) is important.

5. Reflection: Which identity theft protection measure do you think is most commonly overlooked by people your age? Why might people neglect this precaution, and what could be the consequences?
