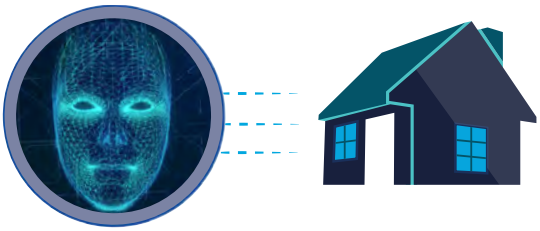
USE CASE: FRAUD FOR LIVING

OVERVIEW



Synthetic identity fraud is defined as the use of a combination of personally identifiable information (PII) to fabricate a person or entity in order to commit a dishonest act for personal or financial gain. While often conducted with a criminal intent, synthetic identity fraud also can occur in situations that are less nefarious in nature. Synthetic identities sometimes are created by individuals who do not possess a valid Social Security number (SSN), or in rare cases, by individuals that have an SSN but feel they cannot safely use it. However, regardless of intent, this practice is illegal and can have unintended consequences for individuals whose valid identity information may be used in the creation of a synthetic identity.

Termed "fraud for living," this common use of synthetic identities is when the identity is used to apply for employment or services such as utilities, housing and bank accounts because an individual is unwilling or unable to do so with existing primary personally identifiable information elements, with no intent to default on payment.

USE CASE: SEEKING HOUSING

A 26-year-old woman visiting the United States was seeking both long-term employment and an apartment to rent on her own for the first time. She had been living with a friend as she looked for a job, but her friend's lease is up, and she must now find housing on her own within the next two weeks.

She found the perfect apartment and had enough savings to cover the first few months of rent while she looked for employment.

A credit check was required as part of the apartment application process. As a non-U.S. citizen, she did not have a Social Security number (SSN) nor time to apply for and receive one.

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She decided to make up an SSN to list on the application. She used her birthday as the first four digits, how many months she's been in the States for the fifth digit, and her boyfriend's birthday as the last four digits.

All her other personal information was truthful on her apartment application.

She was approved for the apartment since there was no negative credit history attached to the SSN she listed on the application.

She then set up accounts for her electric, gas, and water utilities using the same made-up SSN.

To pay her rent and utilities with ease within the United States, she applied for an account at a local bank using the same made-up SSN, and then deposited her savings into that account.

As part of the account opening process, the bank offered her a secured credit card with a low credit limit. She decided to apply for the card, recognizing it would provide additional funds for any unplanned expenses.

She proceeded to pay her rent and utilities on time and in full for six months using the money from her bank account until she can acquire a work visa and a "real" SSN to use in applying for employment.

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AFTERMATH

In this particular use case, the woman did not intend to harm anyone in applying for an apartment of her own, utilities and banking services. However, she was illegally using a fictitious nine-digit number as her SSN in lieu of a real SSN. The repercussions of this situation can vary. The made-up SSN could match someone else's real SSN, which could have a limited impact on the legitimate SSN owner's credit should the woman default on payments. If the woman were to use this made-up SSN for employment in lieu of acquiring her own real SSN, the legitimate owner of the SSN potentially might have to pay taxes on the woman's earnings or face IRS investigation for underreporting income. Regardless of positive intention, the use of another's SSN is illegal and use of a fictitious SSN would be an example of synthetic identity fraud.