

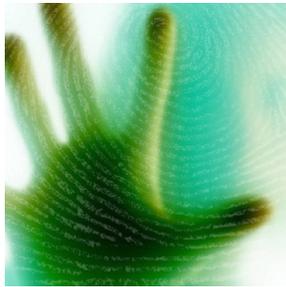
Consumer Alert

A publication by the South Carolina Department of Consumer Affairs



Identity theft bill one of the most consumer friendly in country

S.C. finally tops a good list! Bill allows consumers to freeze credit, dispute credit information, makes crime to steal identity.



Identity theft is the nation's fastest growing crime, but in South Carolina lawmakers

and government agencies are aggressively seeking to combat this problem.

The Financial Identity Fraud and Identity Theft Protection Act (FIFITPA) contains several consumer friendly provisions, including freezing your credit

report, new laws against identity theft, and new provisions for disputing credit information.

All portions of the law, except the provisions regarding security breaches, became effective on December 31, 2008.

The security breach provisions become effective July 1, 2009.

How to freeze your credit report

South Carolina consumers can now place a security freeze on their credit free of charge. Placing a freeze on your credit report prevents anyone from accessing it without your permission, reducing the risk of identity theft. Freezing your credit will not affect your credit score or rating and is completely free of charge.

It is an important distinction, however, that a security freeze does

not stop credit scoring companies from collecting your credit information, it only prevents the dissemination of your credit report to a third party.

Consumers considering freezing their credit report will still enjoy fast access to their report. You can temporarily "thaw" or permanently remove the freeze at any time, for any reason. Access to the report must be granted by the credit reporting agency within 15 minutes of your request.

To place a freeze on your credit report, you must contact each of the credit reporting agencies by either certified mail, telephone, or through their website. The credit reporting agency has up to 10 days to provide you with a PIN that will enable you to thaw or permanently lift the freeze as necessary.

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V/I 5.2

FACEBOOK/TWITTER



The Department has joined Facebook and Twitter as part of continued social media initiative. Be sure to look for us.

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TAX SEASON



Just can't wait for your tax return? Think twice before using a refund anticipation loan, which could leave you owing money. Worried about affording to file? VITA program prepares taxes for free for those who need the assistance.

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SCAMS AND FRAUDS



Two new scams are making the rounds in South Carolina. A new version of last year's tax rebate scam has cropped up. A credit card rip-off works by charging a small amount of money to your account in hopes that you won't notice.

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Identity theft bill one of the most consumer friendly in the nation

New Responsibilities for Businesses: Accountability for your information

Business Records Disposal: Businesses and public bodies in South Carolina must properly dispose of records and items containing consumer's personal identifying information (PII).

PII consists of a consumer's first name or initial combined with their last name and data including the consumer's social security number or driver's license number or financial account number (includes credit card, debit card and security code) or other numbers or information that would allow access to the consumer's financial accounts.



Handling personal information:

In most cases businesses and public bodies may not intentionally print or imbed a person's social security number or six or more digits of the number on a card required for access to a product or service.

Security Breaches: Businesses and public bodies must notify South Carolina consumers when a security breach occurs.

A security breach is the unauthorized access to items containing PII and illegal use of the PII has occurred or is likely to occur. If notice of a breach is sent to more than 1,000 persons at one time, the business or public body must also notify SCDCA and the credit reporting agencies.

Disputing Information on your Credit Report

In addition to being able to dispute inaccurate, untimely information from being displayed on your credit report, FIFITPA places further requirements on credit reporting agencies.

The credit reporting agency must now supply you with proof the information is accurate. If the information is found to be inaccurate, it must remove it from your report.

Credit reporting agencies must also notify a lender/creditor when a new account application has a different address than what is in the consumer's credit file. Creditors/lenders must also verify changes of address with the consumer.

Other Protections: More protection for your information

New Crimes: The law creates the crime of Financial Identity Fraud and makes "dumpster diving," the rummaging or stealing of another person's household garbage for the purpose of committing identity theft or fraud, a crime.

Credit Card Receipts: Businesses are required to limit the number of digits printed on a consumer's credit or debit card receipt to five or less. This does not apply to handheld/imprinted receipts.

Write, call, or visit online:

These are the credit scoring agencies you need to contact to freeze your credit report

Equifax

Phone: 1-800-685-1111

Mail: Equifax Security Freeze

P.O. Box 105788

Atlanta, GA 30348

Website: www.freeze.equifax.com

Experian

Phone: 1-888-EXPERIAN

Mail: P.O. Box 9554

Allen, TX 75013

Website: www.experian.com/freeze

Transunion

Phone: 1-888-909-8872

Mail: P.O. Box 6790

Fullerton, CA 92834

Website: <https://annualcreditreport.transunion.com/fa/securityfreeze/landing>

Social Security Numbers: The Act places restrictions on the collection and maintenance of a person's social security number.

Want More?

To view the entire bill:

www.scstatehouse.gov/sess117_2007-2008/bills/453.htm

FIFITPA Brochure and Fast Facts:

If you would like your own copy of our FIFITPA brochure and Fast Facts, which explain the bill in depth, just e-mail cellison@scconsumer.gov.

Want just the good parts? The Department has a two minute video posted on YouTube explaining the new bill: <http://www.youtube.com/watch?v=KW6NM0qN-q4>

Want more money?

Avoid using refund anticipation loans for tax returns

How would you like to pay a super-high price to borrow money that already belongs to you?

Sounds ridiculous, right?

But that's pretty much what happens to many folks at tax time in the crazy world of refund anticipation loans (RALs).

You may be tempted by tax-time advertisements for "Fast Cash Refunds," "Express Money," or "Instant Refunds."

These ads will offer to get you your refund in just a day or two or even on the spot. Beware! Many of these "fast refunds" are really LOANS, refund anticipation loans that are based on your tax refund money.

When you get a RAL, you're borrowing against your tax refund money, and it's not cheap. Loan fees typically range from \$30 to \$90, which translates into annual percentage rates from 60% to over 700%.

If you paid those rates on all your borrowing, you'd probably go broke!

RAL fees, combined with tax preparation, electronic filing, and other fees can eat away a big chunk of your refund.

In addition to their high costs, RALs can be risky. Since a RAL is a loan from a bank in partnership with a tax preparer, it must be repaid even if the IRS denies or delays your refund or if your refund is smaller than expected.

If you don't pay back the RAL, the lender can take actions to hurt your credit rating and may send your account to a debt collector.

In addition, when you apply for a RAL, you are giving the lender the right to grab your tax refund to pay for old tax loan debts that the lender claims you owe.

All this to get your tax refund just

a few days earlier than you can for free from the IRS. Essentially you're lining someone else's pockets with YOUR hard-earned money.

Worse, RALs are often marketed to people who need money the most - low- and moderate-income workers who receive the Earned Income Tax Credit.

Ways to avoid RALs and save at tax time:

- E-File with Direct Deposit - File your tax return electronically (e-file) to speed up your refund. Tell the IRS to deposit the refund directly into your bank account.

If you have Internet access, you may be able to get free tax preparation and electronic filing at www.icanefile.org.

- Wait just a bit longer - Do you really have to get cash from your tax refund today? Can you wait a few weeks to save almost \$100?

If you have an urgent bill to pay, ask for more time until the tax refund check comes from the IRS. Don't take on a new expensive debt to pay an old bill.

- Avoid check cashers - Check cashers charge an extra fee to cash RAL and tax refund checks.

Some check cashers charge up to 7% to cash a RAL check - the average is about 3%. If you receive a \$2,000 refund it would cost you an average of \$60 to cash the RAL check on top of the RAL and tax preparation fees. A smarter move is to use a bank account.



Refund Anticipation Loans only get your money to you seven to 14 days faster than e-filing.

VITA program offers free tax help for those who need it

Puzzled by the tax law or which credits and deductions to take? Need assistance with your tax return?

You may want to visit a volunteer site. The IRS Volunteer Income Tax Assistance (VITA) Program or the Tax Counseling for the Elderly (TCE) Program offer free tax help if you qualify.

Trained community volunteers can help you with special credits, such as Earned Income Tax Credit (EITC), Child Tax Credit, and

Credit for the Elderly for which you may qualify. In addition to free tax return preparation assistance, most sites also offer free electronic filing (e-filing).

Individuals taking advantage of the e-file program will receive their refunds in half the time compared to returns filed on paper - even faster if you have your refund deposited directly into your bank account.

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CONTINUED: VITA program offers free tax help for those who need it

Volunteer Income Tax Assistance Program (VITA)

The VITA Program offers free tax help to low- and moderate-income (generally, \$40,000 and below) people who cannot prepare their tax returns.

Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country.

VITA sites are usually located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. Most locations also offer free electronic filing.

To locate the nearest VITA site, call 1.800.829.1040.

Free Tax Counseling for the Elderly (TCE)

The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. Trained volunteers from non-profit organizations provide free tax counseling and basic income tax return preparation for senior citizens.

Volunteers who provide tax counseling are often retired individuals associated with non-profit organizations that receive grants from the IRS.

As part of the IRS-sponsored TCE Program, AARP offers the Tax-Aide counseling program at more than 7,000 sites nationwide during the filing season.

Trained and certified AARP Tax-Aide volunteer counselors help people of low-to-middle income with special attention to those age 60 and older.

Military personnel and their families get free tax help!

The military also has a strong Volunteer Income Tax Assistance (VITA) Program. The Armed Forces Tax Council (AFTC) consists of the tax program coordinators for the Army, Air Force, Navy, Marine Corps, and Coast Guard.

The AFTC oversees the operation of the military tax programs worldwide and serves as the main conduit for outreach by the IRS to military personnel and their families.

Marines, airmen, soldiers, sailors, guardsmen, and their families worldwide receive free tax preparation assistance at offices in their installations.

These VITA sites provide free tax advice, tax preparation, and assistance to military members and



Checklist: What you need to bring

- ✓ Proof of identification
- ✓ Social security cards for you, your spouse and dependents and/or a social security number verification letter issued by the Social Security Administration.
- ✓ Birth dates for you, your spouse and dependents on the tax return
 - ✓ Current year's tax package if you received one
 - ✓ Wage and earning statement(s) form W-2, W-2G, 1099-R, from all employers
 - ✓ Interest and dividend statements from banks (Forms 1099)
 - ✓ A copy of last year's federal and state returns if available
 - ✓ Bank routing numbers and account numbers for direct deposit
- ✓ Total paid for day care provider and the day care provider's tax identifying number (the provider's social security number or the provider's business Employer Identification Number)
- ✓ To file taxes electronically on a married filing joint tax return, both spouses must be present to sign the required forms.

their families. They are trained and equipped to address military specific tax issues, such as combat zone tax benefits and the effect of the new Earned Income Tax Credit (EITC) guidelines. The military tax programs generated over 287,644 electronic 2006 federal income tax returns.

Other things you should know

It is extremely important that each person use the correct social security number (SSN).

The most accurate information is usually located on your original Social Security card.

Each year hundreds of thousands of returns are delayed in processing, or credit/deductions are disallowed because names and social security numbers do not match social security administration records.

To prevent processing delays in paper returns and rejected electronically filed returns, volunteers check the accuracy of each social security number, as well as the spelling of the name associated with the number.

Scam tied to economic stimulus package is back, still a rip-off

Nearly a year after the Department was one of the first agencies in the country to break the tax rebate scam, possibility of another stimulus check has led to a resurgence in the scheme.

The scam initially appeared a year ago when the first economic stimulus package was proposed by President George W. Bush, which included a tax rebate check for consumers.

Pretending to be government officials, scammers attempted to solicit personal information, including social security and bank account numbers from consumers.

The Department warns consumers a new variation of this scam has been uncovered in South Carolina.

The scam begins with a fake check and the promise of thousands of dollars in the form of a "secondary stimulus check" if you take the time to register.

A telephone number provided for more information takes you to a pre-recorded message pitching an information packet consumers can purchase. The packet instructs consumers how to make money on "foreclosed homes." The scammers claim you can receive thousands of dollars in regular cash payments by taking advantage of government programs related to foreclosed

properties.

This is a scam. There are no government programs that will pay you thousands of dollars to buy foreclosed properties.

If you receive one of these letters or telephone calls, report it to the South Carolina Department of Consumer Affairs or destroy it. If you have already fallen prey to this scheme, please contact the Department immediately.

Consumers are reminded:

Any unsolicited check in the mail from a business, organization, lottery or sweepstake is fraudulent.

You should never give out personal information over the phone to unknown callers or businesses.

No one from the government will ever call you to verify any personal information or to "qualify" you for a stimulus check.

“This is a scam. There are no government programs that will pay you thousands of dollars to buy foreclosed properties.”

Credit card scams makes small charges to your account, hopes you won't notice

I just don't remember using my credit card for a pack of gum!



A quarter is just a quarter. In a tough economy, however, a quarter is worth

a lot more, especially if multiplied millions of times over. Sadly, a group of scammers were quick to act on this fact. Using stolen credit card account numbers, scammers charged 25 cents to the accounts of millions of consumers across the nation.

While the charges were erroneous, many consumers ignored the charge despite the fact that the company didn't even exist. After all, it was only a quarter.

The Department has received a number of similar calls from concerned consumers with inaccurate charges on their credit card or bank account numbers.

Charges may be as small as a few dollars; others may be as much or more than \$30. While invalid charges may be the result of scammers creating spoof companies, some mistaken charges may appear from legitimate companies. Regardless of the amount or the source, consumers should dispute incorrect or unidentified charges.

What Exactly Should You Do?

Dispute the charge with your credit company.

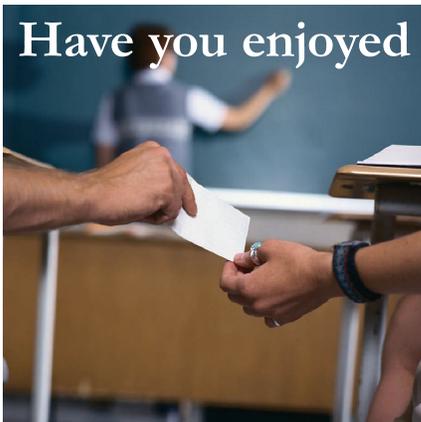
Monitor your account at least once a week for changes.

File complaints with the following federal agencies:

- Federal Trade Commission at www.ftc.gov
- Internet Crime complaint Center at www.ic3.gov
- Bureau of Justice Assistance

Have you enjoyed this issue? Pass it on!

If you enjoyed this issue of the Consumer Alert, just wait until the next one! To subscribe to our e-newsletter simply e-mail the editor at cellison@sconsumer.gov. And, if you really liked it, go one step further and forward it to your co-workers, friends, and family.



Consumer Affairs has joined Facebook, Twitter



We're on Facebook and Twitter!

As part of our continuing effort to find new, creative, and effective ways to reach South Carolina consumers, the Department has added to its social media repertoire Facebook and Twitter.

The Department's Facebook page will contain information on upcoming events, news releases, consumer videos, helpful links, and other valuable information. Fans will even get a chance to see behind the scenes photos of the Department.

We hope it serves as an informal reminder for consumers of what's going on at the Department. Through social networking we hope the page will begin to become a promotional tool for the many activities, events, and workshops the Department participates in each year.

Do you really save money with a freezer?

This really depends on the individual/family.

Factor one: Take the total cost of the freezer and divide by the life expectancy of the appliance. Chest freezers tend to run from \$200 - \$600, while upright freezer can be much more expensive. The website appliance.net claims the average lifespan of a freezer is 11 years. For this example, the assumption is a cost of

Is it worth it?

Freezers

\$450 for the freezer and a lifespan of 11 years, averaging out to \$41 a year.

Factor Two:

Next figure in the cost of electricity. Freezers have recently become more energy efficient, but still account for about a sixth of the total power usage in an average home. For this example we'll assume 750 kilowatt hours of energy use per year at a total cost of \$75 a year. The result is a per year cost of \$116, meaning a savings of at least \$9.40 per month is needed to break even.

Saving \$10 shouldn't be too difficult if you're buying bulk items when they're on sale, freezing vegetables you purchased at a discount or grew in your own garden, or meat, poultry, or fish at a special price. Of course, it's not a savings if you throw it out and many of those items have a shelf life of only a few months.

Bottom line: If you're feeding more than one person and are an avid sales shopper, a freezer is a good investment. If not, you're better off utilizing your refrigerator's built in freezer.

To become a fan of the Department, type South Carolina Department of Consumer Affairs in the search box located in the upper right hand corner of your Facebook page. If you like it, be sure to pass it along to your friends on Facebook as well.

Twitter is a micro blogging tool that allows users to post, in 140 characters or less, what they are doing. The Department will post on daily activities, links to useful consumer information, information about upcoming events and much more.

If you're a Twitter user you can begin following the Department by visiting this address: <http://twitter.com/scdca>.

Additionally, the Department is still very active with its YouTube project, SCDCATV. There we have posted several short video clips on pertinent consumer topics. To see all of our videos visit www.youtube.com/scdcatv.

About the South Carolina Department of Consumer Affairs

Established by the Consumer Protection Code in 1974, the South Carolina Department of Consumer Affairs represents the interest of South Carolina consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. For more information on the SCDCA, visit www.sconsumer.gov.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education. The Department strives to be a **CREDIT** to our State by holding the following values as essential in our relationships and decision-making:

Competence **R**espect **E**quality **D**edication **I**ntegrity **T**imeliness

The *Consumer Alert* is published every month. To receive the *Consumer Alert* or its sister publication *Fraud Alert* by e-mail or postal service contact Charles Ellison at ellison@scconsumer.gov or by phone 803.734.4203.

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