

Identity Theft and the U.S. Postal Inspection Service

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Identity theft (“ID theft”) is a significant and rapidly-growing problem in the U.S., with an estimated annual cost of \$53 billion (FTC 2003). This paper describes the role of the U.S. Postal Inspection Service in investigating such crimes and provides insights based on large-scale investigative efforts by the Postal Inspection Service. We find that ID theft rings can be extremely complex, and the successful investigation of such crimes requires effective cooperation among a host of parties, including law enforcement agencies and the private sector.

In its September 2003 *Identity Theft Survey Report* (FTC 2003), the Federal Trade Commission (FTC) documented the current magnitude of ID theft in the U.S. Among the FTC’s findings were (a) “almost 10 million Americans have discovered that they were the victim of some form of ID theft within the past year,” (b) over 27 million Americans have been victims of ID theft in the past five years, (c) the average ID theft case in the last year cost businesses \$4,800, and (d) the average ID theft in the last year cost the victim \$500 and 30 hours to resolve the problem. When the ID theft involves creating new accounts or when the ID theft is not discovered quickly, the costs to businesses and victims escalate.

This paper examines ID theft, with particular emphasis on the role of the U.S. Postal Inspection Service in investigating such crime. We provide information on the Postal Inspection Service (“the Service”) and present insights on ID theft for practicing forensic accountants and students.

BACKGROUND AND PURPOSE

In response to the rising incidence of ID theft, both state and federal laws have been passed (Milne 2003). At the federal level, the Identity Theft and Assumption Deterrence Act (1998) is in place to provide penalties of up to 15 years in prison and a \$250,000 fine, and additional federal laws are applicable to the crime. The FTC has devoted considerable resources