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Three law suits against Lifelock point to problems in the ID Theft protection business!

Ed Dickson

April 12, 2008

With the news that yet another class action law suit was being filed against Lifelock, it made me realize why identity theft and the subsequent loss of privacy seems to be a growing issue. As with most things in the world, money seems to come first and people take a distant second place.

After all the identity theft crisis wasn't caused by Lifelock, despite all the controversy surrounding the company. And the service they provide isn't much different than what many other companies provide, either.

If I were some of these other companies, I'd be watching this litigation, closely.

The [latest law suit](#) was filed in New Jersey on March 28th and is similar to the other two, already filed.

There is even speculation about an organized hit job on Lifelock by the credit bureaus and perhaps, the people issuing credit.

Of course, the credit bureaus and the credit card companies probably didn't cause the identity theft crisis, either. They might have helped enable it by buying and selling too much information

Ed Dickson

Having worked around financial crimes for a number of years, I noticed they seemed to be on the rise. One reason for this is technology, which grows more rapidly than laws designed to protect us from it. This is a resource to educate people on identity theft, it also strives to educate the common person on the increasing problem of crimes enabled by technology and the Internet.

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and storing it in some not very safe places, but they didn't cause it.

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The true cause of the identity theft crisis is what seems to be an organized GLOBAL criminal effort to steal information. Everyone suing each other has hardly put a dent in the activity, nor is it likely to. In fact, I often wonder if the criminals aren't sitting back and laughing at everyone pointing the finger at each other, while they steal us blind?

The identity theft crisis has been the inspiration for a lot of businesses to provide a product to protect people from identity theft. Interestingly enough, most of the credit card companies and the credit bureaus are offering pay for protection products to their customers, also. This is especially ironic because information to commit identity theft is probably stolen from them all the time.

In fact, there are so many pay for protection services, it's pretty hard for the "average joe" to figure out which one is better than another, or if it's even worth signing up for.

The identity theft protection business is showing double-digit growth in not very healthy economic times. As long as it is a highly profitable venture, it is likely to attract a lot of players wanting to get in on the business of protecting people from it.

In the most recent class action, it alleges that Lifelock doesn't protect it's customers from all forms of identity theft. It also alleges that putting repetitive alerts on a credit report might hurt a person's ability to get credit. Last but not least it alleges that Todd Davis -- the CEO of Lifelock who plasters his own social security number all over the place as a marketing tool -- has himself been an identity theft victim several times.

I knew about Mr. Davis being a victim once, but the fact that he has been victimized several times was a new revelation (?). I guess that means more controversy to come?

The truth is that Lifelock is no different from a lot of services that can't protect it's customers from all forms of identity theft. Perhaps that goes back to the root cause of what enables identity theft, or the storing of too much personal information in not very secure places. Of course, since too many people are making a lot of money from all this information, some of them are resistant to make it more secure (harder to get at).

Making it harder to get at would make the mechanics of issuing credit more difficult. Of course, given the current financial crisis, I've often wondered if more due diligence and regulation might make us all a little better off?

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What the law suit is probably referring to when they say there is no guaranteed protection against identity theft is synthetic identity theft. This is where different parts of other people's identities are used to forge a

synthetic one. Quite often, because a lot of the information doesn't match, the credit bureaus don't pick it up. Most frequently, this is discovered at tax time, when someone gets a bill for taxes that an identity thief never paid to the government.

Most experts recommend that you watch your yearly Social Security statement carefully because of this.

Synthetic identity theft is corrupting a lot of the data bases out there, also. Anyone, who uses the services of a data broker, knows that there is a lot of incorrect information already showing up in these data bases. Most of the data brokers have prominent disclaimers about this on their main page when you look information up.

In fact, if someone wanted to see if they were a victim of synthetic identity theft some of these data bases would be a good place to start.

Another reason there is no way to guarantee protection is that not all identity theft shows up on credit bureaus. Some examples of this are in cases of medical benefit fraud, employment fraud, government benefit fraud, some forms of check fraud and last, but not least, when it is used to commit crimes of other than a financial nature.

The International criminal element is very creative at figuring out where the loopholes are. In fact, some say they are sharing information and operating on an economy of scale. My guess is that as long as they suffer few consequences for their activities, a lot of people are going to continue to be victimized.

Meanwhile the good guys are all suing each other, deep sixing how they are having information stolen from them, and arguing about who is responsible for the mess. It's a shame that the good guys don't become more transparent about the problem, realize who the problem really is, and

then come together as team to go after it.

So far as paying for identity theft protection, it can be bought, or if one has the knowledge, done for free. I've looked at a lot of the services and there is no doubt that some are a lot better than others.

Believe it, or not, I've even had the pleasure of meeting people within the industry that do really care about the people they are protecting. One shoe rarely fits all when it comes to human beings.

We need to remember that the industry is unregulated and all the current litigation might be an argument for some sort of certification (regulation).

Even without regulation, protecting someone's personal identity is a matter of trust. Everyone in the identity theft protection business needs to reflect on this and remember that in the end, consumer trust is going to be a key component of whether they are successful, or not.

In the end, perhaps it's time for a wake up call. After all a lot of people are suffering because someone took one a very personal item from them, or their very own identity.

Previous posts on this blog about the continuing Lifelock saga can be seen, [here](#).