

BBB small business advice: Your company's identity at risk

Written by

Monday, 04 March 2013 15:55

Everyone is aware of the threat of personal identity theft, but identity thieves are now also preying on businesses. This scam has evolved from targeting individuals, and now the most sophisticated identity thieves are pursuing even bigger potential payoffs by targeting businesses. The Better Business Bureau of Minnesota and North Dakota (BBB) is offering advice on how to avoid the different forms of business ID theft, as well as guidance for small business owners if their company's identity has been compromised.

"We've seen this scam in our area in recent months," said Dana Badgerow, president and CEO of the BBB of Minnesota and North Dakota. "Small businesses are often targets because they may not be as well-equipped to protect sensitive information as larger companies that can afford to hire dedicated staff to ensure oversight and security."

ID theft aimed at stealing directly from a business isn't the only type of commercial identity theft. Another form of business identity theft happens when a scammer poses as the company in order to scam unsuspecting consumers. The following are other examples of business identity theft schemes identified by the BBB.

Defrauding the Business

Crafty ID thieves can do a lot of damage with a company's Employer Identification Number, including gaining access to bank and credit card accounts or opening up new lines of credit under the business's name. Business identity theft can also be perpetrated by scammers - and sometimes even employees - who purchase items in the company's name either for personal use or to resell.

Phishing emails

Phishing emails are a common example of business ID theft, and are usually designed to defraud consumers. Phishing emails are spam disguised as messages from a business or government agency, and are used to coerce sensitive financial information from the recipient or to install malware and viruses onto recipients' computers.

Name Hijacking

Criminals will also often hijack a company's name and reputation to commit consumer fraud, such as advance fee loan or lottery scams. Scammers use and leverage the company's identity and good reputation to create a trustworthy façade behind which they operate their scam. In the BBB's experience, business owners are usually alerted to the identity theft by angry consumers who were ripped off by the scammers or by a series of unusual calls from consumers inquiring about the validity of checks the company supposedly issued.

Here are some steps the BBB recommends small business owners take to mitigate harm if their business identity has been stolen or hijacked.

• Report it to the Authorities

Business owners need to immediately contact their local police department if they believe the company's identity has been compromised. In some cases where bank or credit accounts have been compromised, law enforcement investigators may want the accounts to remain open in order to track down the thieves. If scammers are using the company's name on phishing emails or with phony websites, business owners can also contact the FBI's Internet Crime Complaint

Written by
Monday, 04 March 2013 15:55

Center at www.ic3.gov.

• **Alert Bank and Credit Card Companies**

If scammers are accessing the business's credit or bank accounts, forging company checks or opening up new lines of credit, it's important for a small business owner to notify financial institutions involved in order to limit any further unauthorized transactions. Before closing any accounts, the business owners will want to receive the go-ahead from law enforcement so as not to jeopardize ongoing investigations.

• **Let the Public Know**

If the company's identity has been stolen and is being used to defraud customers, warning the public is a top priority to prevent additional people from becoming victims. An easy first step is to prominently post a warning on the company's website briefly explaining the threat. Depending on the scope of the scam, business owners might also want to consider alerting media or making direct contact with customers via phone or an email blast. Businesses can also contact their BBB to seek assistance in getting information out to consumers quickly via their BBB Business Review.

For additional small business advice on preventing ID theft, visit <http://www.bbb.org/data-security/spotting-identity-theft/overview/>.

The mission of the Better Business Bureau is to be the leader in building marketplace trust by promoting, through self-regulation, the highest standards of business ethics and conduct, and to instill confidence in responsible businesses through programs of education and action that inform, assist and protect the general public. We are open 8 a.m. to 5 p.m. Monday through Friday. Contact the BBB at bbb.org or 651-699-1111, toll-free at 1-800-646-6222.