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NEWS RELEASE

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IDAHOANS – BE WARY OF CREDIT REPAIR OFFERS THAT PROMISE TO REMOVE BANKRUPTCIES, JUDGMENTS, LIENS...

Idaho Department of Finance Offers Insight and Information to Idaho Consumers on Credit Repair Scams

Boise, Idaho... Governor Otter has designated April as Financial Literacy Month in Idaho. In connection with Financial Literacy Month, Gavin Gee, Director of the Idaho Department of Finance today warned Idahoans of unfair, misleading, or deceptive practices aimed at “snagging unsuspecting citizens” attempting to clean up their credit.

“Be a savvy consumer,” stated Gee. “Know the warning signs of a credit repair scam.” The ads are everywhere – “Have a Second Chance at Excellent Credit,” “Get A New Credit Report,” “You Can Have A New Credit Identity.” These types of schemes lure citizens who are struggling to clean up their credit reports and raise their scores.

Gee said that there are two main types of credit repair scams: the first type promises to repair your credit and remove unfavorable comments from your credit report; the second type promises you a new identity through assignment of a new social security number, or by forgoing the use of your social security number and using an Employer Identification Number (EIN). Gee warned that many of the credit repair tactics used by fraudulent companies set the unsuspecting victim up to violate the law.

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The Federal Trade Commission (FTC) reports that it receives thousands of complaints from citizens who have been victimized by perpetrators of credit repair schemes. The FTC's Deputy Director, Eileen Harrington states "Credit repair promoters generally charge hundreds of dollars, but don't deliver on their claims. The fact is, they can't. No one can legally remove accurate and timely information from your credit report."

The Idaho Department of Finance offers these tips to citizens aiming to clean up their credit:

CREDIT REPAIR OFFERS WHEN TO SHUN, DODGE AND STEER CLEAR

- ▶ Avoid any company that wants you to pay for credit repair services before they provide any services. It is against the law.
- ▶ Avoid any credit repair company that will not inform you of your legal rights and what you can do to repair your credit for free.
- ▶ Avoid any credit repair company that tells you not to contact a credit reporting company directly.
- ▶ Avoid any credit repair company that advises you to dispute all of the information in your credit report.
- ▶ Avoid any company that suggests creating a "new" credit identity – and then, a new credit report – by applying for an Employer Identification Number to use instead of your Social Security number. This is against the law. If you follow illegal advice and commit fraud, you also may be subject to prosecution.

According to Gee, "Financial literacy is the most powerful tool enabling consumers to better understand the credit reporting system and monitor their credit. By understanding what affects their credit score and how their credit worthiness is calculated, consumers have the ability to make better credit choices, manage their credit wisely, and in the end obtain better and lower cost products."

In a May 2006 report the FTC gave details that, “more than 18,000 data furnishers voluntarily supply approximately three billion updates of information per month to more than 200 million consumer files on credit-active Americans to credit reporting companies. These furnishers of data are the largest financial institutions in the country and also the smallest credit unions and community banks.”

This massive amount of information sharing requires that consumers actively police their credit reports to make certain these reports are accurate.

TIPS TO IMPROVE YOUR CREDIT

- ▶ Find out your credit rating and obtain, once a year, your free credit report. Go online at annualcreditreport.com or call 1-877-322-8228.
- ▶ If you see errors on your credit report alert the credit reporting bureaus **in writing**. The Federal Trade Commission publishes a brochure entitled “How To Dispute A Credit Report.” Remember, that although you cannot remove accurate credit information, you can dispute mistakes.
- ▶ Pay your bills on time.
- ▶ If you experience financial difficulty, consult a “reputable” non-profit debt/credit counselor, before your bills become delinquent. (A listing of licensed credit/debt counselors can be found on the Department’s website: <http://finance.idaho.gov>).

The Department of Finance’s website at <http://finance.idaho.gov> provides a listing of debt and credit counselors, as well as valuable “links” to the Federal Trade Commission’s website containing consumer brochures with information on choosing credit, credit reporting, how to dispute a credit reporting error, identity theft, and more.

Consumers may contact the Idaho Department of Finance at 208-332-8002 or toll-free in Idaho at 888-346-3378.

Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> or may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.