How to Put a Freeze on Identity Thieves

Mark Nestmann

In the old days, thieves had to come in, guns blazing, and threaten or commit acts of violence to take what you'd earned from you. At the very least, they had to cut a very noticeable hole in the vault wall to access your bank account. These days, it's far more sophisticated, and the tracks are far more difficult to see. Your bank accounts, credit rating, and reputation can be left in ruin without your ever knowing you've been attacked.

In 2018, more than 14.4 million people became victims of identity theft in the U.S., and the amount stolen reached $14.7 billion. But those numbers don't include the exponentially larger numbers of people whose personal information has been exposed due to lax security by companies holding your data...data which can be used to steal your identity.

For instance, in 2017, Equifax had virtually its entire database of consumer credit reports—nearly 148 million in all—stolen by hackers. The attack occurred because Equifax failed to patch a software vulnerability it had known about months before the breach occurred.

If you've ever borrowed money or applied for a credit card, there's an Equifax file with your name on it. And thanks to the company's depraved indifference to online security, the hackers that stole its database have access to all the data necessary to steal your identity:

- Your Social Security number
- Your date of birth
- Your home address

Your data could be sold to allow someone else to open bank accounts in your name, borrow money...even apply for a passport.

Consider what happened to Paul Little, a native-born U.S. citizen, when he applied for a passport. He got turned down, even after presenting his birth certificate, driver's license, Social Security card, baptismal certificate, school records, tax returns, his parents' death certificates...even a copy of his high school yearbook.

Don't let your sweat fund someone else's dream—protect yourself from identity theft now.

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Little eventually learned that he was an identity theft victim. Someone impersonating him had already obtained a passport in his name.

How can you protect yourself from the consequences of identity theft? There's only one reliable way to do it: a security freeze on your files at Equifax and the other major credit bureaus.

"Your data is a product to be bought and sold."

A security freeze, in effect, places an electronic padlock on your credit report. Only your existing creditors (credit card companies, mortgage issuers, etc.) can review your credit report until you remove the padlock.

If an identity thief tries to apply for credit in your name, he'll be in for a rude surprise. That's because if a company can't review your credit report, it's very unlikely to issue you (or an imposter) credit. In other words, a security freeze eliminates identity theft at its source—the ability of a criminal to obtain credit fraudulently.

For instance, let's say an identity thief buys data stolen from Equifax or another source (there are many) that includes your name, address, birthday, and Social Security number.

Next, the thief uses this information to obtain a driver's license or other official document containing your name, but the thief's photo. Finally, he visits a car dealership or other seller of "big-ticket" items.

Say he test drives a luxury car and tells the salesman to "charge it"—to you. With a credit freeze, the thief's application for credit in your name will be turned down. Without a credit freeze, he might drive off in a new car, leaving you to pay the bill.

Security freezes are authorized in all 50 states. If someone fraudulently accesses your credit report despite the freeze, you're protected from financial liability.

You'll need to put a security freeze into effect with each major credit agency. See:

Equifax: *Freeze.equifax.com*

Experian: *Experian.com/freeze/center.html*

TransUnion: *Transunion.com/credit-freeze/place-credit-freeze*

Innovis: call 1-800-540-2505

Credit bureaus hate security freezes, because freezing and unfreezing accounts often requires the intervention of a customer service agent. In addition, they can no longer sell your data to companies that might want to offer you credit and other products or services.

Instead, credit bureaus will try to persuade you to sign up for a "credit lock" and credit monitoring services. Essentially, you pay a monthly or annual fee (which is often waived) for the privilege of having the company who should be keeping your data safe notify you when they don't.

Don't be fooled. A credit lock is only an agreement between you and the credit bureau. You're bound by the restrictions in the fine print of the agreement, rather than by your state's security freeze law.

There is little incentive for banks, credit bureaus, email services, and other data repositories to invest in security. Your personal data is a product to be bought and sold, and any limits to this practice cut into their profits. The only solution to defend yourself from identity theft is to put a security freeze on your credit files. ■

Editor's Note: For 30 years, Mark Nestmann has helped more than 15,000 customers and clients successfully protect their assets and financial privacy overseas. He is the author of *The Lifeboat Strategy*, widely considered the gold standard in American-client asset protection and financial privacy resources. See: *Nestmann.com/ilspecial* for an exclusive offer for *IL* readers.

How to Profit From Website Flipping

Scott McKinney

Every weekday in Abu Dhabi, at about 6 a.m., Ian Bond wakes up, logs into his computer, and checks the previous day's sales and metrics. A long-established investment professional (and *International Living* subscriber), Ian has recently discovered a new form of investment that's shielded from many of the drawbacks of other asset classes.

This new investment class, known as "website-flipping" or "online real estate," allows investors to acquire proven online businesses and reap profits for years or decades. The term refers to the practice of buying, improving, and then selling websites, just as investors have often done with physical property.

Unlike physical real estate, though, it consists of an actual business you can grow with dedication and readily learned skills. You can work a few hours a week, or more, depending on your goals. Best of all, you can take part in this new type of investment from anywhere with an internet connection.

"What excites me most about website investing is it's an emerging asset class. It's immature, and because institutional capital hasn't poured in, it's cheap," says Ian. "If you look at stocks, the dividend yield is usually pathetically low. Real estate yields 5% to 8%, depending on the property. Websites, though, are priced at two to three times annual earnings."

Ian began investing in websites in 2015 after a long career in private banking and wealth management, buying an ecommerce site with his wife. The pair currently have eight ecommerce websites in operation, selling high-ticket physical goods—minimum $500 per item—primarily to U.S. customers.

There are many parallels between physical real estate and online sites: both have a brokerage system, and both generate relatively passive income. Yet Ian is more excited about online property investments. Apart from the possible returns, an additional difference is that with real estate, you're buying a property, but with website investing, you're buying and operating a business.

To start, consider a physical goods website—a "dropshipping" or ecommerce store, in industry talk. "Most people are online shoppers, so physical goods are intuitive to them. We can visit a website and see if it looks good," Ian says. He relies on a small number of brokers to find sites—Empire Flippers, FE International, and Quiet Light Brokerage—and uses third-party evaluators such as Centurica to verify relevant metrics.

A good broker is helpful, as they can vet websites and perform due diligence. "To make sure a site is legitimate, we look at their traffic sources, their profit and loss statement, sometimes their bank statements, and do a background check," says Greg Elfrink, director of marketing at Empire Flippers. Greg gives a general rule-of-thumb for vetting sites: stick to sites priced at least $50,000, since for larger sites like that, it's trickier for sellers to lie their way through the numbers.

"Website investing is an emerging asset class."

The most common reason sellers want to sell their sites is to focus on other projects. "I know a guy who builds around 20 sites a year. Each takes 16 to 20 months to build, so he sells some of the sites to mitigate the risk," said Greg. "Others want to generate money to move into another investment, or use for personal projects."

With an online business, a leafy café in Thailand can be your office space for the day.

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Reputable sellers are interested in seeing their site succeed, according to Bond, so they are typically very helpful in the transfer process.

In addition to verifying the seller, Empire Flippers works with buyers to help find a site satisfactory to their needs. "If you want to buy a business that might take 4 to 5 hours a week, then look at a content site, or Amazon Affiliate site," Greg says. "These can make between $4,000 and $20,000 a month."

The ideal site could also depend on the buyer's background—a retiree with a logistics background could look at an ecommerce site run by a younger guy who knows the online part, but who lacks the logistics expertise of importing from China. Or a seasoned developer could look at a subscription software site where the work consists of running developer teams, with little marketing required. Recent listings on Empire Flippers, FE International, and Quiet Light's websites include physical goods sites, subscription-based software, and content-based Amazon Affiliates and Google AdSense sites. Ian's own website, *Professionalwebsiteinvestors.com*, is another solid resource for insights.

Online businesses require skill sets and work, and there is risk, but they lack many of the complexities plaguing other investments. "You don't have to be a techie to do this," says Greg. "If you've been in management, if you've been an entrepreneur, there's a global pool of talent looking to work for you," adds Ian. "We've got outsourced workers in Mexico, India, Pakistan, the U.S., and many other countries."

The day-to-day work is intellectually stimulating. Ian and his wife are focusing on growing the sites, so he monitors the status of the developer team. His wife handles the ecommerce side, and sometimes drags her laptop to their kids' activities.

"We could easily run the business passively—we were in Thailand and Malaysia for three weeks last summer and didn't really do anything—we have people in place to monitor everything," Ian says. "We've chosen to be aggressive with our sites for now, but they really are the ultimate residual income investment." ■