

RED FLAGS SOLUTION™

Identity Theft Prevention Program



Federal Register

Part IV

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Department of the Treasury
Office of the Comptroller of the
Currency 12 CFR Part 41

Federal Reserve System
12 CFR Part 222

**Federal Deposit Insurance
Corporation**
12 CFR Parts 334 and 364

Department of the Treasury
Office of Thrift Supervision 12
CFR Part 571

**National Credit Union
Administration**
12 CFR Part 717

Federal Trade Commission
16 CFR Part 681

Identity Theft Red Flags and Address
Discrepancies Under the Fair and Accurate Credit
Transactions Act of 2003; Final Rule

IMPORTANT NOTE – We are committed to sharing accurate information but our opinions of the facts regarding the Red Flags Rules are not legal opinions. We are not offering legal advice, nor can we (or anyone) guarantee that any program will place an organization in compliance with state or federal laws or regulations.

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RED FLAGS HITS & RESPONSES

9. [Internet, phone, and phantom applications](#)
10. [ID isn't produced, or it appears altered or forged](#)
11. [Consumer's appearance or information inconsistent with ID](#)
12. [Consumer's addresses or surnames don't match](#)
13. [Credit or security freezes](#)
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17. [Fraudulent activity or fraudulent association alert](#)
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19. [Notification of identity theft](#)
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FORMS

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- [Red Flag Incident Report](#)
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The Red Flags Rules (Background)

Congress enacted the Fair and Accurate Credit Transactions Act of 2003 (FACTA) to provide consumers with increased protection from identity theft. They then directed six agencies including the Federal Trade Commission to enforce those laws. The FTC has issued Red Flags Rules that affect an estimated 11 million businesses. The Rules require those businesses to implement identity theft prevention (Red Flags) programs.

Identity thieves use people's personally identifying information to open new accounts and misuse existing accounts, creating havoc for consumers and businesses. It is an especially pervasive crime, as unlike a stolen object or money, a stolen identity can be used or sold over and over again. The Red Flags Rules require organizations to identify possible theft threats (Red Flags) and appropriate responses to those threats.

Anyone (including nonprofits) who regularly performs these services or has service providers perform these services for them, is a creditor under the Rules:

- o defers payments;
- o extends or arranges for the extension of credit;
- o is reimbursed through insurance or service contracts;
- o collects, stores or shares non-public information of consumers or employees;
- o runs credit or background checks;
- o collect debts.

The list of creditors netted under the Rules is extensive. This is a partial list of the organizations:

- o attorneys, CPA's, financial institutions, financial advisors
- o auto, boat, cycle, RV dealers and repair shops
- o buy-here, pay-here, rent-to-own businesses
- o childcare centers, country clubs, fitness centers, newspapers, schools
- o medical services, chiropractors, dentists, MD's, psychologists, veterinarians
- o retail stores, electronics, furniture, jewelry, musical instrument
- o home services, builders, landlords, manufactured housing, mortgage brokers
- o real estate brokers, title companies
- o organizations that do background checks or hire others to do them
- o employment and temporary staff agencies

The US Department of Justice reports that identity fraud has replaced drug trafficking as the number one crime worldwide.