



# THE ROBERTS COMPANY, LLC

Compliance Services: IT & Business Processes

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## ID Theft- Red Flags Rules

### Compliance deadline, November 1, 2008

**Who Must Comply:** Financial institutions and creditors such as; retailers, automobile dealers, utility companies, telecommunications companies, and others.

#### □ **The FACT ACT**

The Federal Trade Commission (FTC), the federal bank regulatory agencies, and the National Credit Union Administration (NCUA) have issued regulations (the Red Flags Rules) requiring **financial institutions and creditors** to develop and implement written identity theft prevention programs, as part of the Fair and Accurate Credit Transactions (FACT) Act of 2003. The programs must be in place by November 1, 2008, and must provide for the identification, detection, and response to patterns, practices, or specific activities – known as “Red Flags” – that could indicate **identity theft**.

#### □ **Red Flags Requirements**

To satisfy Red Flags requirements, programs must include the following:

1. Reasonable policies and procedures for detecting, preventing and mitigating identity theft.
2. Ability to identify relevant patterns of activity considered Red Flags.
3. Periodic updates to reflect changes in risks from identity theft.

#### □ **Guidelines to Compliance**

10-Step approach to the Red Flags Compliance program is:

1. Conduct risk assessment.
2. Design, develop and implement a program that is appropriate to the size and complexity of the organization.
3. Identify relevant risk categories and covered accounts, which are vulnerable to identity theft
4. Identification of identity theft Red Flags.
5. Develop methods for detecting Red Flags.
6. Develop appropriate responses to Red Flags.
7. Update existing policies and procedures.
8. Review training requirements.
9. Review approaches for documenting compliance with Red Flags Rules.
10. Provide methods to maintain the Compliance program.

#### □ **Contacts**

For assistance with FACT Act - Red Flags Rules compliance and solution approach, please contact Robert Putrus at [robertputrus@therobertsglobal.com](mailto:robertputrus@therobertsglobal.com) or call 760.550.2160.

*Robert Putrus is a Certified Fraud Examiner and Certified Management Consultant.*

- ✓ Must you comply with and maintain Red Flags Rules and Sarbanes-Oxley Act Section 404?
- ✓ Are you concerned about the Internal Controls within your company?
- ✓ Does your IT function support your company business processes & objectives?
- ✓ Does your company need Fraud Protection Programs?

#### **Our Services Include:**

- Sarbanes-Oxley Act- Section 404 Compliance
- Corporate Governance and Entity Level Controls
- Corporate Governance Compliance
- IT General Controls
- Fraud Deterrence and Prevention Services
- Information Technology: Policy Development & Compliance
- Operations Processes: Policy Development & Compliance
- Accounting Processes: Policy Development & Compliance
- Corporate Governance: Policy Development & Compliance
- Application Due Diligence and Testing
- Gramm-Leach-Bliley Act
- SAS 70 & SAS 94
- ISO 17799/27000 Compliance Services
- IT Planning and Assessment