

# Throw the Flag

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Growing up, one of my favorite shows was 'Happy Days.' I always thought the Fonz was super cool. On the show, so did everyone else. He certainly had a way with the ladies, as he purportedly dated over half of the women in Milwaukee.

One hilarious episode involved Richie finding the Fonz's little black book of girls he dated. Richie called one of the girls in the book and pretended to be Arthur Fonzerelli in order to get a date. Of course, the date was a disaster and it jeopardized Richie and Fonzie's friendship. That show was my first memory of identity theft and the perils that go along with it.

According to a report of the President's Identity Theft Task Force, identity theft results in billions of dollars in losses each year to individuals and businesses. To combat identity theft, the Federal Trade Commission issued final rules implementing sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (FACTA).

The rules require financial institutions and creditors that hold any consumer account, or other account for which there is a reasonably foreseeable risk of identity theft, to develop and implement an Identity Theft Prevention Program. The Program must include reasonable policies and procedures for detecting, preventing, and mitigating identity theft.

The Program must also enable a financial institution or creditor to:

- Identify relevant patterns, practices, and specific forms of activity that are "red flags," which signal possible identity theft, and incorporate those red flags into the Program;
- Detect when these red flags are triggered;
- Respond to the red flags to prevent and mitigate identity theft; and
- Ensure the Program is updated periodically to reflect changes in risks from identity theft.

To help financial institutions and creditors that must comply with the new rules, the FTC has also issued guidelines for developing and implementing a Program and examples of red flags. The final rules went into effect on January 1, 2008, however, covered financial institutions and creditors must comply with the new rules by November 1, 2008.

So if you fall under the new Red Flag rules, put a Program in place so no one steals your clients' little black books.