

What?



Regulations (72 FR 63718) that require development and implementation of a written identity theft prevention program to detect, prevent, and respond to patterns, practices, or specific activities that may indicate identity theft.



When?

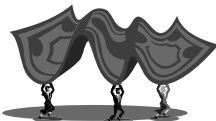
FTC has granted a delay of enforcement of the new "Red Flags Rule" until May 1, 2009, to give creditors and financial institutions (including some postsecondary educational institutions) additional time to develop and implement written identity theft prevention programs. This does not mean that the "Red Flags Rule" is not in effect, but only that the FCC will not enforce the rule until May 1, 2009.



Where?

The Business Office, or entity that disburses and collects money for the Perkins Loan Program (or any institutional loan program) must have a written identity theft prevention program to detect, prevent, and respond to patterns, practices, or specific activities that may indicate identity theft. (aka "red flags")

If a third party is contracted, the school is responsible for ensuring this policy exists.



How?

- The Program must include reasonable policies and procedures for detecting, preventing, and mitigating identity theft.
- Identify relevant patterns, practices, and specific forms of activity that are "red flags" signaling possible identity theft and incorporate those red flags into the Program;
- Detect red flags that have been incorporated into the Program;
- Respond appropriately to any red flags that are detected to prevent and mitigate identity theft; and
- Ensure the Program is updated periodically to reflect changes in risks from identity theft.



What Now?

The FTC already has released some documents that may help answer your question. The following link will take you to a news release about the Rules. From the right-hand side of that page, you will find a link to the text of the final Rules (<http://ftc.gov/opa/2007/10/redflag.shtm>). The preamble to the Rules (pages 63718-63752) provides guidance regarding the rationale behind the Rules and the scope of coverage. The text of the FTC rules can be found at pages 63771-63773. The Guidelines (pages 63773-63774) provide compliance guidance and address a series of issues that covered entities must consider in developing their Identity Theft Prevention Program. The Supplement to the Guidelines (page 63774) provides a non-exhaustive list of 26 red flags that covered entities may wish to consider incorporating into their programs. Additionally, on the FTC website, you can find a news release (<http://www.ftc.gov/opa/2008/07/redflagstvi.shtm>), Business Alert (<http://www.ftc.gov/bcp/edu/pubs/business/alerts/art050.shtm>), and an article (<http://www.ftc.gov/bcp/edu/pubs/articles/art10.shtm>) that provides general information regarding the scope of the Rules.



Alerts, Notifications or Warnings from a Consumer

Reporting Agency

- A fraud or active duty alert is included with a consumer report.
- A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.
- A consumer reporting agency provides a notice of address discrepancy, as defined in § 681.1(b) of this part.
- A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or customer, such as:
 - a. A recent and significant increase in the volume of inquiries;
 - b. An unusual number of recently established credit relationships;
 - c. A material change in the use of credit, especially with respect to recently established credit relationships; or
 - d. An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.



Suspicious Documents

- Documents provided for identification appear to have been altered or forged.
- The photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification.
- Other information on the identification is not consistent with information provided by the person opening a new covered account or customer presenting the identification.
- Other information on the identification is not consistent with readily accessible information that is on file with the financial institution or creditor, such as a signature card or a recent check.
- An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.



Suspicious Personal Identifying Information

- The SSN provided is the same as that submitted by other persons opening an account or other customers.
- The address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of other persons opening accounts or other customers.
- The person opening the covered account or the customer fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.
- Personal identifying information provided is not consistent with personal identifying information that is on file with the financial institution or creditor.
- For financial institutions and creditors that use challenge questions, the person opening the covered account or the customer cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.



Unusual Use of, or Suspicious Activity

Related to, the Covered Account

A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:

- a. Nonpayment when there is no history of late or missed payments;
- b. A material increase in the use of available credit;
- c. A material change in purchasing or spending patterns;
- d. A material change in electronic fund transfer patterns in connection with a deposit account;
- e. A material change in telephone call patterns in connection with a cellular phone account.



Questions



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Thank you for your time!

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