

MEMORANDUM

To: Subscribers to *Bank Policies: A Working Guide to Regulatory Compliance*

From: Sheshunoff Information Services

Subject: Highlights

Enclosed is the current update to your subscription to *Bank Policies: A Working Guide to Regulatory Compliance*. Identity theft information concerns and how such incidents affect consumers and their financial transactions are still on regulators' and institutions' minds. Needless to say, no individual is immune; rather, it has become a matter of carefully monitoring potential risk areas, such as financial transactions, for fraudulent acts. Congress passed the Fair and Accurate Credit Transactions Act (FACT Act) in 2003 and specific regulatory requirements were included for regulatory agencies to develop and implement regulations addressing identity theft prevention programs for financial institutions and other creditors.

Identity Theft Red Flags. In a joint release in November 2007, the FFIEC and FTC issued requirements for implementing an Identity Theft Prevention Program and providing sample 'red flags' to consider when implementing an institution's monitoring program. Financial institutions are expected to have their programs in place and operational by November 1, 2008. A sample Identity Theft Prevention Program has been developed in this manual to address these requirements. While the sample provides a baseline for financial institutions to design, enhance, and implement their own program, by no means is the sample perfect to drop into place for any single institution. Rather, it is imperative that each institution design the policy to implement a program to fit their particular institution.

FCRA Lending Policy. The Fair Credit Reporting Act (FCRA) has undergone a number of changes with the passing of the FACT Act. To date, almost all the changes required under the FACT Act have been finalized, with the exception of Risk-Based Pricing guidance and the Guidelines that Address Accuracy and Integrity of Consumer Report Information and Rules to Allow Direct Disputes. While one could wait until all changes are finalized, effective dates are approaching, similar to the Identity Theft Prevention Program. Accordingly, this update also includes a sample Fair Credit Reporting Act Policy. The major points, as revised by the FACT Act have been noted where they are finalized; specific reference is also included for the stand-alone Identity Theft Prevention Program Policy. When the final two elements of FCRA are finalized, the FCRA Policy will be updated.