

MEMORANDUM

To: Our Valued Customers
From: Sheshunoff Information Services
Subject: Highlights

The Federal Trade Commission reported that identity theft accounted for 36 percent of all complaints sent to the commission in 2006. In response to the pressures of this growing menace, the regulatory agencies finalized the Identity Theft Red Flag Guidelines.

This update to *Corporate Guide to Identity Theft Prevention* summarizes and offers an analysis of Subpart J of the FACT Act, which describes specifically what institutions need in their identity theft prevention programs, requires card issuers assess the validity of change of address requests, and requires users of consumer reports reasonably verify the identity of the subject of a consumer report in the event of a notice of address discrepancy. See Chapters 5 and 8. The enclosed material will help your financial institution comply with the new guidelines and protect your customers from identity theft.

This edition also includes the following topics:

- Chapter 9 has been updated with a new sample policies and procedures for e-banking and Web site access.
- New Appendix F, Sample E-Sign Customer Agreement, and Appendix G, Sample Online Access Agreement, has been added at the end of the manual.
- Chapter 10 has been updated to discuss when a third-party service provider becomes a participant in the ACH origination process called the third-party sender. This updated chapter also discusses back-office conversions.
- Updated Chapter 11 discusses a situation a case in which Regions Bank took action against B.J.'s Wholesale Club and Fifth Third Bank after the merchant allegedly retained information about customers in its computer system in violation of its contractual obligations with the Visa network. See the updated chapter to see why the magistrate judge responded that federal law imposed on the issuer bank liability for unauthorized charges and thus mandated reimbursement.
- Chapter 12 has been updated by adding a discussion on changing regulations in respect to payroll cards.