

The FACT Act deadline is drawing near

The November 1 deadline for compliance with the Federal Government's newest regulatory requirement is almost here. If you're a financial institution or a creditor...

will you be ready?

If you have implemented the required identity theft prevention program through internal resources ...

are you sure you met all requirements well?

Engage INQUESTA's professional FACTA compliance consultants to establish or evaluate your program and **rest assured.**


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FOR REGULATORY COMPLIANCE BY ...

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- Credit unions
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- Mortgage lenders
- Mortgage brokers
- Telephone companies
- Utility companies
- Consumer lenders
- Auto dealers
- Other creditors

A turnkey solution to the
Red Flags Rule


INQUESTA
Risk Research & Solutions

PROTECTING AGAINST

Identity Theft

The scourge of identity theft didn't just start in 2003 when the Fair and Accurate Credit Transactions Act (FACTA) was finally passed to address a problem that had been in the making at least since 1982. It has been a problem as long as drug trafficking, modern-day terrorism, Medicare and bank cards have been around.

Frauds using stolen identities once took practiced criminals. Since the Internet, computers, sharp color copiers, swipe cards, and ATMs, to name just a few of the facilitators, the floodgates to fraud have been opened to just about anyone inclined to crime.

Worse, the Internet has torn down physical and international boundaries such that many identity thieves stealing U.S. consumers' lives don't operate from the U.S. at all; they operate from third world havens...out of reach to U.S. law enforcement and perpetrating their harm from a safe distance. The long-running "Nigerian scams" are among the best known examples of this.

According to U.S. Government statistics, there were **10.8 million identity theft victims in 2003**, making this the fastest-growing white-collar crime in the U.S.

FACTA—in combination with improving technology, better consumer education and the individual efforts of a growing number of companies—had driven the numbers down to **8.1 million victims per year by 2007**. This is still a tremendously large fraction of the population even if the numbers have been in a slow decline.

On the financial side, consider that identity theft costs U.S. consumers and creditors more than **\$50 billion in losses per year**.

The decline is welcome but there's so much left to do...and FACTA is the trigger that has galvanized the financial sector into concerted action. Still, we cannot let up our guard as the identity criminals are forever looking for newer angles and finding holes in the technology.

What the FACT Act is



After decades of hearings and inaction, Congress finally passed the FACT Act in 2003 specifically to battle identity theft and to ease the burden of victimized consumers needing to correct their credit histories. Generally, the Act mandates the following general provisions:

- The big three credit bureaus (Expirion, Equifax and Trans Union) now must provide each requesting consumer a free copy of the consumer's credit report periodically and all institutions must provide consumers with a means to dispute and correct inaccuracies.
- It established a National Fraud Alert System (database) into which consumers can place alerts that they have been victimized or think they may be victimized. This alerts creditors to use caution.
- Creditors and businesses are required to truncate account numbers that can be used for fraud.
- Creditors and businesses holding consumer information must use secure disposal practices.
- CRAs (including resellers) must notify consumers of their rights under the FCRA.

In October 2007, the Federal Trade Commission and Federal Reserve Board expanded on the law and mandated **the RED FLAGS RULE** to be implemented **by each financial institution or creditor by no later than November 1, 2008**. This rule requires that each financial institution and creditor ...

- conduct a risk assessment to identify which of their accounts must be protected under FACTA;
- create a written identity theft prevention program;
- train and sensitize their employees; and,
- have their boards of directors or top executives approve and oversee the program periodically.

We can implement your program

Neglect of the regulation can result in stiff penalties or a "Cease and Desist" order against your business!

Let INQUESTA handle your FACTA Red Flags Rule compliance need by creating the mandated program for your company in just weeks. Our solution will be customized to your circumstances and will meet all the FACT Act requirements, including the following deliverables:

- ✓ FACTA Risk Assessment, which determines what your "covered accounts" are and what their risk exposure is.
- ✓ Written Identity Theft Prevention (ITP) policies and procedures that apply the appropriate RED FLAGS to mitigate risks.
- ✓ A policy for service providers.
- ✓ Procedures for reporting consumer address changes.
- ✓ Implementation training for employees.
- ✓ A final compliance report for your key executives or board of directors.



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