

April 15, 2009

**ALERT: Organizations extending credit to consumers
must have identity-theft prevention programs in place by May 1, 2009**

A Federal Trade Commission (FTC) ruling originally slated to go into effect November 1, 2008 is again nearing its new deadline of May 1, 2009. The regulation, called the "Red Flags Rule," requires organizations that deal with "covered accounts" (generally, consumer credit accounts that involve multiple payments) to develop and implement a program by the deadline date to detect, prevent and mitigate identity theft.

Who is affected?

The category of "creditor" is very broad: "any entity that regularly extends, renews or continues credit", and "any entity that regularly arranges for the extension, renewal or continuation of credit." It includes such businesses as finance companies, auto dealers, mortgage brokers, utility companies, and telecommunications companies as well as financial institutions (although financial institutions were required to have their programs in place before now). Even not-for-profit entities and governmental units which defer payment for goods or services are considered creditors.

What's required?

Organizations affected by this ruling must develop a written program that:

- Identifies and detects specific warning signs ("red flags") of identity theft
- Describes appropriate responses to prevent and mitigate the crime
- Details a plan to update the program
- Is managed by the board of directors or senior employees of the organization
- Include appropriate staff training
- Provides for oversight of any service providers

Red flags may consist of activities or items such as alerts from a consumer reporting agency, suspicious documents or suspicious personally identifying information, unusual activity related to a covered account, or notices from customers or others about possible identity theft.

For further information about this regulation, see the FTC's Website at <http://www.ftc.gov/bcp/edu/microsites/redflagsrule/index.shtml>.

If you have questions about this alert, please contact your AGH professional or AGH audit manager Jane Bulman at (316) 267-7231 or jane.bulman@aghlc.com.

NOTE: Information in this document has been obtained by Allen, Gibbs & Houlik, L.C. from sources believed to be reliable. However, AGH does not guarantee the accuracy nor completeness of any information. This communication does not and is not intended to provide legal, accounting or other professional advice or opinions on specific facts or matters, and accordingly, AGH assumes no liability whatsoever in connection with its use. Nothing in this communication can be used to avoid penalties that may be imposed by a governmental taxing authority or agency.