



## REDEVELOPMENT AGENCY AGENDA REPORT

ITEM NO: VIII. 1

MEETING DATE: 4/14/09

**SUBJECT: IDENTITY THEFT PREVENTION**

**DATE: MARCH 13, 2009**

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### **RECOMMENDATION:**

Adopt Policy regarding written identity theft prevention programs to comply with Fair and Accurate Credit Transactions (FACT) Act of 2003.

### **BACKGROUND:**

Financial institutions and creditors are required by federal law ("Red Flags Rules") to implement by May 1, 2009, a program to detect, prevent, and mitigate instances of identity theft.

Creditors include utility companies and/or local government agencies which provide services before they bill the customer, which accept installment payments, delayed payments, or credit card payments.

### **ANALYSIS:**

The "Red Flags Rules" are meant to identify a pattern, practice or specific activity that indicates the possible existence of identity theft. This might be an alert issued by consumer reporting agencies, customers or law enforcement or simply a customer presenting suspicious documents - particularly in the context of a customer address change. The "Red Flags Rules" require the development and implementation of written identity theft prevention programs, as part of amendments to the Fair and Accurate Credit Transactions (FACT) Act of 2003.

The program must include reasonable written policies and procedures for detecting, preventing, and mitigating identity theft which: 1) 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; 2) detect red flags that have been incorporated into the program; 3) respond appropriately to any red flags that are

detected to prevent and mitigate identity theft; and 4) ensure the program is updated periodically to reflect changes in risks from identity theft.

Categories of “red flags” are: 1) alerts, notifications, or warnings from a consumer reporting agency; 2) suspicious documents; 3) suspicious personally identifying information, such as a suspicious address; 4) unusual use of – or suspicious activity relating to – a covered account; and 5) notices from customers, victims of identity theft, law enforcement authorities, or other businesses about possible identity theft in connection with covered accounts.

The program must be managed by senior employees and/or the governing body of the agency, include appropriate staff training, and provide for oversight of any service providers. After the deadline, federal regulators may impose fines when ignoring “red flags” leads to financial loss by the customer.

**ALTERNATIVES CONSIDERED:**

None. Adoption of an identity theft prevention policy is mandatory.

**FISCAL REVIEW:**

There should be no fiscal impact from adoption of the Resolution and procedures, because the Agency is already employing safeguards consistent with the Resolution.

**LEGAL REVIEW:**

The Agency Attorney’s office has prepared the proposed Resolution.

**CONCLUSION:**

The Board is requested to adopt the proposed Resolution establishing identity theft prevention programs and policies.

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ATTACHMENTS: 1 [Draft Identity Theft Resolution](#)