

# Crandall Compliance Alert

## FTC Extends Enforcement Deadline for Identity Theft Red Flags Rule

### This Issue

#### • Red Flags Rule Enforcement Deadline Extension

#### Please Circulate To:

##### Automotive

Dealer/Principal  
General Manager  
Fixed Operations Director  
Service Manager  
Paint & Body Manager  
Parts Manager  
Parts & Service Director

##### Industrial/Public

##### Utility

Director  
Plant Manager  
Department Managers  
Superintendents  
Supervisors

At the request of several Members of Congress, the Federal Trade Commission is further delaying enforcement of the “Red Flags” Rule through December 31, 2010, while Congress considers legislation that would affect the scope of entities covered by the Rule. The announcement and the release of an Enforcement Policy Statement do not affect other federal agencies’ enforcement of the original November 1, 2008 deadline for institutions subject to their oversight to be in compliance.

The Rule was developed under the Fair and Accurate Credit Transactions Act, in which Congress directed the FTC and other agencies to develop regulations requiring “creditors” and “financial institutions” to address the risk of identity theft. The resulting Red Flags Rule requires all such entities that have “covered accounts” to develop and implement written identity theft prevention programs to help identify, detect, and respond to patterns, practices, or specific activities – known as “red flags” – that could indicate identity theft.

The Rule became effective on January 1, 2008, with full compliance for all covered entities originally required by November 1, 2008. The Commission has issued several Enforcement Policies delaying enforcement of the Rule. Most recently, the Commission announced in October 2009 that at the request of certain Members of Congress, it was delaying enforcement of the Rule until June 1, 2010, to allow Congress time to finalize legislation that would limit the scope of business covered by the Rule. Since then, the Commission has received another request from Members of Congress for another delay in enforcement of the Rule beyond June 1, 2010.

The Commission urges Congress to act quickly to pass legislation that will resolve any questions as to which entities are covered by the Rule and obviate the need for further enforcement delays. If Congress passes legislation limiting the scope of the Red Flags Rule with an effective date earlier than December 31, 2010, the Commission will begin enforcement as of that effective date.

Crandall Corporation offers a Customer Information Security Program for compliance with the FTC Red Flags and Safeguards Rules. For more information or for assistance in developing a customer specific program, please contact us at 800-248-4801 or email [compliance@crandallusa.com](mailto:compliance@crandallusa.com).