

CATAWBA COUNTY IDENTITY THEFT RED FLAGS POLICY

I. PROGRAM ADOPTION

Catawba County's Identity Theft Prevention Program ("Program") was developed to comply with the Federal Trade Commission's Red Flags Rule ("Rule"), which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. 16 C. F. R. § 681.2. As required by the rules, the Program was developed with oversight and approval of the Board of County Commissioners.

II. PROGRAM PURPOSE AND DEFINITIONS

A. Fulfilling requirements of the Red Flags Rule

Under the Red Flag Rule, every financial institution and creditor is required to establish an "Identity Theft Prevention Program" tailored to its size, complexity and the nature of its operation. Each program must contain reasonable policies and procedures to:

1. Identify relevant Red Flags for new and existing covered accounts 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 to customers or to the safety and soundness of the creditor from Identity Theft.

B. Red Flags Rule definitions used in this Program

The Red Flags Rule defines "Identity Theft" as "fraud committed using the identifying information of another person" and a "Red Flag" as a pattern, practice, or specific activity that indicates the possible existence of Identity Theft.

According to the Rule, a local government utility is a creditor subject to the Rule requirements. The Rule defines creditors "to include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they, too, are to be considered creditors."

Catawba County building inspection and landfill accounts are covered by the Rule, If other County accounts are determined to be "covered" they will be included under this policy as well. Under the Rule, a "covered account" is:

1. Any account the County offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; and
2. Any other account the County offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the County from Identity Theft.

"Identifying information" is defined under the Rule as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person," including: name,

address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, computer's Internet Protocol address, or routing code.

III. IDENTIFICATION OF RED FLAGS.

In order to identify relevant Red Flags, the County considers the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with Identity Theft. The County identifies the following red flags, in each of the listed categories:

A. Notifications and Warnings From Credit Reporting Agencies

Red Flags

1. Report of fraud accompanying a credit report;
2. Notice or report from a credit agency of a credit freeze on a customer or applicant;
3. Notice or report from a credit agency or an active duty alert for an applicant; and
4. Indication from a credit report of activity that is inconsistent with a customer's usual pattern or activity.

Any other account the County offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the County from Identity Theft.

B. Suspicious Documents

Red Flags

1. Identification document or card that appears to be forged, altered or inauthentic;
2. Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
3. Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and
4. An application that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

Red Flags

1. Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
2. Identifying information presented that is inconsistent with other sources of information (for instance, an address not matching an address on a credit report);
3. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
4. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
5. Social security number presented that is the same as one given by another customer;

6. An address or phone number presented that is the same as that of another person;
7. A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required); and
8. A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

Red Flags

1. Change of address for an account followed by a request to change the account holder's name;
2. Payments stop on an otherwise consistently up-to-date account;
3. Account used in a way that is not consistent with prior use (example: very high activity);
4. Mail sent to the account holder is repeatedly returned as undeliverable;
5. Notice to the County that a customer is not receiving mail sent by the County;
6. Notice to the County that an account has unauthorized activity;
7. Breach in the County's computer system security; and
8. Unauthorized access to or use of customer account information.

E. Alerts from Others

Red Flag

Notice to the County from a customer, identity theft victim, law enforcement or other person that it has opened or is maintaining a fraudulent account for a person engaged in Identity Theft.

IV. DETECTING RED FLAGS.

A. New Accounts

In order to detect any of the Red Flags identified above associated with the opening of a **new account**, County personnel will take the following steps to obtain and verify the identity of the person opening the account:

Detect

1. Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other photo ID;
2. Verify the customer's identity (for instance, review a driver's license or other identification card);
3. Review documentation showing the existence of a business entity; and
4. Independently contact the customer.
- 5.

B. Existing Accounts

In order to detect any of the Red Flags identified above for an **existing account**, County personnel will take the following steps to monitor transactions with an account:

Detect

1. Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);
2. Verify the validity of requests to change billing addresses; and
3. Verify changes in banking information given for billing and payment purposes.

V. PREVENTING AND MITIGATING IDENTITY THEFT

In the event County personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag; as well as taking into account confidentiality laws related to certain information.

A. Prevent and Mitigate

1. Continue to monitor an account for evidence of Identity Theft;
2. Contact the customer;
3. Change any passwords or other security devices that permit access to accounts;
4. Not open a new account;
5. Close an existing account;
6. Reopen an account with a new number;
7. Notify the Finance Director for determination of the appropriate step(s) to take;
8. Notify law enforcement; or
9. Determine that no response is warranted under the particular circumstances.

B. Protect customer identifying information

In order to further prevent the likelihood of identity theft occurring with respect to County accounts, the County will take the following steps with respect to its internal operating procedures to protect customer identifying information:

1. Ensure that its website is secure or provide clear notice that the website is not secure;
2. Ensure complete and secure destruction of paper documents and computer files containing customer information;
3. Ensure that office computers are password protected and that computer screens lock after a set period of time;
4. Keep offices clear of papers containing customer information;
5. Request only the last 4 digits of social security numbers (if any);
6. Ensure computer virus protection is up to date; and
7. Require and keep only the kinds of customer information as is necessary for the purpose of the account.

VI. PROGRAM UPDATES

This Program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the County from Identity Theft. At least annually, the Finance Director will consider the County's experiences with Identity Theft situation, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, changes in types of accounts the County maintains and changes in the County's business arrangements with other entities. After considering

these factors, the Finance Director will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Finance Director will update the Program or present the Board of County Commissioners with his or her recommended changes and the Board of County Commissioners will make a determination of whether to accept, modify or reject those changes to the Program.

VII. PROGRAM ADMINISTRATION.

A. Oversight

Responsibility for developing, implementing and updating this Program lies with a Finance Director appointed by the County Manager. The Finance Director will be responsible for the Program administration, for ensuring appropriate training of County staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

County staff responsible for implementing the Program shall be trained either by or under the direction of the Finance Director in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected.

C. Service Provider Arrangements

In the event the County engages a service provider to perform an activity in connection with one or more accounts, the County will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of Identity Theft.

1. Require, by contract, that service providers have such policies and procedures in place; and
2. Require, by contract, that service providers review the County's Program and report any Red Flags to the Finance Director.

D. Specific Program Elements and Confidentiality

For the effectiveness of Identity Theft prevention Programs, the Red Flag Rule envisions a degree of confidentiality regarding the County's specific practices relating to Identity Theft detection, prevention and mitigation. Therefore, under this Program, knowledge of such specific practices is to be limited to the Finance Director and those employees who need to know them for purposes of preventing Identity Theft. Because this Program is to be adopted by a public body and thus publicly available, it would be counterproductive to list these specific practices here. Therefore, only the Program's general red flag detection, implementation and prevention practices are listed in this document.

Adopted this _____ day of _____, 2009.

CATAWBA COUNTY BOARD OF COMMISSIONERS

Katherine W. Barnes, Chair

ATTEST:

Barbara E. Morris
Clerk to the Board

I, Barbara E. Morris, do hereby certify that the foregoing is a true and correct copy of the Catawba County Identity Theft Red Flag Policy adopted by the Catawba County Board of Commissioners at its regular meeting on _____.

Barbara E. Morris
Clerk to the Board