

"Red Flag" Rule Deadline Extension is No Reason to Procrastinate

The deadline for compliance with the "Red Flags Rule" has once again been extended, this time until December 31st, 2010. The Red Flags Rule requires businesses who deal with consumer credit to establish a written identity theft prevention program to protect sensitive customer information collected for credit accounts. Because dealerships obtain credit information, it is imperative that these policies and procedures be designed to detect, respond to and mitigate any loss due to identity theft.

Under the Red Flags Rule, business owners have the flexibility to design an Identity Theft Prevention Program appropriate for their business, given its size and potential risk for identity. The FTC provides a step-by-step guide on how to design your Identity Theft Prevention Program.

Because the process can be complex, the delay allows businesses more time to put procedures into place, NOT to delay getting started on establishing them.

For more information on the Red Flags rule, see our previous article on the topic.