



Illinois Association of Fire Protection Districts

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TO: Illinois Fire Protection District Trustees

FROM: Jim Sinclair, IAFPD Counsel

DATE: August 1, 2009

RE: Red Flag Policy Implementation Deferred to Nov. 1, 2009

RED FLAG POLICY IMPLEMENTATION AGAIN DEFERRED. It has been announced by the Federal Trade Commission that the deadline for implementation of Red Flag Policies by entities which are required to have such a policy has been deferred to November 1, 2009. The previous deadline was August 1, 2009.

This federal mandate will require fire protection districts which are “creditors” to establish and implement a policy to prevent identity theft. The mandate derives from the Fair and Accurate Credit Transactions Act of 2003 (“FACTA”). **The policy must consist of a program to identify, detect, and respond to what are called “red flags”, that is, indicators that someone is attempting to steal or has stolen the identity of another person.**

This new requirement will apply to any district which falls within the definition of “creditor” as set out in the regulations implementing FACTA. Any entity which has an arrangement under which payment for a service is deferred from the time that the service is provided is defined to be a creditor under the regulation.

This means that districts which operate an EMS service and bill for their services are clearly subject to the new regulations and must adopt and implement a red flag policy. While a detailed discussion of the requirements of the regulations is beyond the scope of this article, the essential features which must be included are procedures:

- (i) to identify the types of indicators which the district would encounter in its operations that lead to a suspicion of identity theft,
- (ii) to detect the red flags of identity theft in daily operations of the district,
- (iii) to respond appropriately to a red flag when it is detected, and (iv) to maintain the policy by revising it periodically to add new risks of identity theft. Further information about the Red Flag rules can be found by going to the website of the Federal Trade Commission (www.ftc.gov).