

CORPORATE AND BANKING ALERT**July 11, 2008****Identity Theft Prevention Programs Required by November 1, 2008**

On July 8, 2008, the Federal Trade Commission (“FTC”) announced the launch of an outreach effort to explain the Red Flags Rules which were issued jointly by the FTC and the federal banking regulators in 2007 pursuant to the Fair and Accurate Credit Transactions Act of 2003 (known as the “FACT Act”).

Under the Red Flags Rules, each financial institution or creditor that offers or maintains “covered accounts” must develop and implement a written Identity Theft Prevention Program (the “Program”) by November 1, 2008. The term “covered accounts” refers to an account that a financial institution or creditor offers or maintains primarily for personal, family or household purposes that involves or is designed to permit multiple payments or transactions, such as a credit card account, mortgage loan, automobile loan, margin account, cell phone account, utility account, checking account, or savings account, and any other account for which there is a foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft (i.e., fraud committed or attempted using identifying information of another person without authority).

The Program must be designed to detect, prevent and mitigate identity theft in connection with such accounts and must include reasonable policies and procedures to identify, detect and respond to Red Flags (i.e., a pattern, practice or specific activity that indicates the possible existence of identity theft) and to ensure that the Program is updated periodically. The Red Flags Rules require each financial institution or creditor to (i) obtain approval for the Program from either its board of directors or an appropriate committee thereof; (ii) involve its board of directors, an appropriate committee thereof, or a designated senior management employee in the oversight, development, implementation and administration of the Program; (iii) train its staff; and (iv) exercise appropriate and effective oversight of service provider arrangements (e.g., outsourced operations).

If you have any questions or comments, or wish additional information regarding this matter, please contact any of the following attorneys:

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