University of Minnesota Identity Theft Prevention Program: Red Flags Rule

Detecting, Preventing, and Mitigating Identity Theft

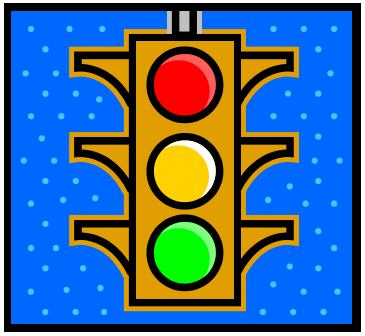
This presentation was adapted with permission from the University of Florida and MnSCU.

The Goals of This Training

- To define commonly used terms related to Identity Theft.
- To explain the federal rules intended to detect, prevent and mitigate Identity Theft.
- To help you identify if you must comply with one or more sections of the Red Flags Rule.
- To assist you in creating unit-specific procedures that will comply with the Identity Theft Prevention Program approved by the Board of Regents.

Red Flag

A warning signal. Something that demands attention or provokes an irritated reaction.



Identity Theft – Red Flag

A pattern, practice, or specific activity that indicates the possible existence of identity theft.

The Red Flags Rule

- **The Red Flags Rule applies to financial institutions and creditors that offer or maintain covered accounts.**
- **The Rule requires the implementation of a written *Identity Theft Prevention Program*.**
- **The University of Minnesota's Program is available at the Controller's Office Red Flags Rule website.**

The University may act as a Creditor or Financial Institution…

The University of Minnesota falls within the scope of the **Red Flags Rule** because we act as a "creditor" or "financial institution" by:

- Regularly extending, renewing, or continuing credit; arranging for credit or acting as an assignee of an original creditor;
- Issuing credit or debit cards.

Simply accepting credit cards as a form of payment does not make you a "creditor" under the Red Flags Rule. Likewise, you are not a "creditor" if you advance funds for expenses incidental to a service such as billing for medical, dental, legal, or veterinary services.

But if you offer a debit or credit card, arrange credit for customers, or regularly and in the ordinary course of business advance funds based on an obligation to repay the funds, you are a "creditor" under the law.

Covered Accounts

- The Rule's goal is to detect, prevent, and mitigate identity theft in certain "covered accounts".

- A "covered account" is any account that a college or major administrative unit **offers or maintains**:
  - Primarily for personal, family, or household purposes that permits multiple payments or transactions, ***or***
  - For which there is a reasonably foreseeable risk of identity theft.

- The University must periodically assess what areas contain "covered accounts".

The Rule…

… is actually two different but related rules. Review each rule to determine if one or more applies to your unit.

- (681.1) Creditors holding “Covered Accounts”
- (681.2) Issuers of Credit or Debit Cards, or Stored Value Cards

Creditors with Covered Accounts

- (681.1) Creditors holding “covered accounts” must develop and implement written procedures designed to detect, prevent and mitigate identity theft in connection with new and existing accounts.
- This section applies to areas of the University that issue credit in the form of financial aid and other student loans.
- Section 681.1 is the “Red Flags” section of the Red Flags Rule.

* Refer to the University’s Identity Theft Prevention Program and support materials at the Controller’s Office website for specific compliance requirements.

Debit and Credit Card Issuers

- (681.2) Debit and credit card issuers must develop reasonable policies and procedures to assess the validity of a request for change of address that is followed closely by a request for an additional or replacement card.

- This section applies to the U Card (including Gopher Gold), payroll deduct cards, and Care Credit cards.

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Identifying Red Flags

- A Red Flag, or a situation closely resembling one, should be investigated.

- Potential indications of fraud include:
  - Alerts, notifications, or other warnings from credit agencies.
  - Suspicious documents or personal identifying information.
  - Unusual or suspicious account activities.
  - Notices from customers, victims of identity theft, law enforcement authorities, or others.

Alerts, Notifications, and Warnings

- Watch for these notices from consumer reporting agencies, service providers, or fraud detection services:
  - A notice of **address discrepancy;**
  - An **active duty alert** or a **fraud alert** included with a consumer report; or
  - A notice of **credit freeze** in response to a request for a consumer report.

Identify a procedure for appropriate responses to address discrepancy notices.

Suspicious Documents

- Identification documents that appear to have been **altered** or **forged**.
- The photograph or physical description on an ID that **doesn't match** the customer presenting it.
- Information on the identification that is **inconsistent** with other information provided or readily accessible, such as a signature card or a recent check.
- An application or document that appears to have been **destroyed and reassembled**.

Suspicious Personal Information

- **Personal Identifying Information** (PII) provided is inconsistent with PII that is on file, or when compared to external sources. Examples would be:
  - The **address does not match** any address in the consumer report;
  - The SSN has not been issued or is listed on the Social Security Administration's **Death Master File**;
  - There is a **lack of correlation** between the SSN range and date of birth.

Fraudulent Personal Information

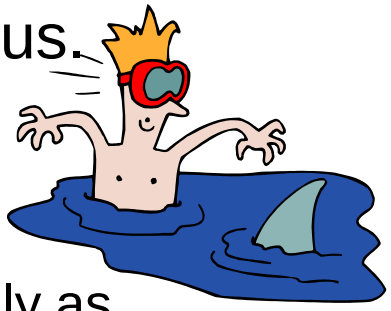
- Personally identifiable information provided is associated with **known fraudulent activity**, or is of a type commonly associated with fraudulent activity. For example,
  - The address on a document is the same as the address provided on a **known fraudulent document;**
  - The address on a document is **fictitious, a mail drop, or a prison**;
  - The phone number is **invalid** or associated with an answering service.

Just how suspicious is….?

- ..a SSN provided for an account is the same as one provided by another person for a different account?
  - **How would you know?**
- …the person opening a Covered Account fails to provide all the required personal identifying information on an application and then doesn't respond to notices that the application is incomplete?
  - **What do you do next?**
- …a person requesting access to a Covered Account cannot answer the security questions (mother's maiden name, pet's name, etc.)?
  - **How do you handle this?**

Looking Below the Surface

- Sometimes fraudulent activity is not that obvious.



- Be ready to respond to situations like these:
  - Mail sent to the account-holder is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the Covered Account.
  - The institution is notified that a customer is not receiving paper account statements, even though they are being mailed and not returned.

On the Other Hand…

- Even if the problem is obvious, be sure you know the procedure to follow in situations such as these:
  - You receive a notice regarding possible identity theft in connection with Covered Accounts held by your unit.
  - You are notified that your department has opened a fraudulent account for a person engaged in identity theft.

Responding to Red Flags

Report **known and suspected** fraudulent activity immediately to protect the customer and the University from damages and loss:

- Take appropriate action.
- Gather all related documentation.
- Complete an incident report with a complete description of the situation.
- Send the report to your supervisor.
- Add the incident to an incident log.
- Also…in certain situations additional cooperation and assistance may be required to notify appropriate law enforcement, determine the extent of liability, and notifying the customer.

Tips to Keep Data Safe

- ✓Always keep private information in a secured area.
- ✓Destroy paper according to University Guidelines.
- ✓Use strong passwords.
- ✓Know where your data is.
- ✓Keep strict controls on data access.
- ✓Use secure file servers to store private data; limit "C" drive storage.
- ✓Use a Virtual Private Network (VPN) to connect from off-campus.
- ✓Never use public computing devices to work with private information.
- ✓Never use email for private data unless the each part of the process is known to be secure.

University of Minnesota
Identity Theft Prevention Program

Thank you for reading this presentation!

- The University of Minnesota's *Identity Theft Prevention Program* and training materials are available on the Controller's Office Red Flags Rule website.
- Contact the Controller's Office at controller@umn.edu or (612) 624-1617.
- Contact abuse@umn.edu or 1-HELP (1-4357) for computer security issues.
- Additional resource materials are available from the Federal Trade Commission at https://www.ftc.gov/tips-advice/business-center/privacy-and-security/red-flags-rule.

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