Identity Theft Prevention Program
Lake Forest College
Revision 1.0

This document supersedes all previous identity theft prevention program documents.

Approved and Adopted by:
The Board of Directors

Date: _____

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1 Introduction

Statement of Need and Definition

Customers depend on Lake Forest College to properly protect personal, nonpublic information, which is gathered and stored in internal records. Regulatory agencies are charged with the responsibility to ensure financial institutions and creditors information security controls and procedures are in compliance with the intent of the regulations to protect a customer's identity. Therefore, it is important for management and staff to understand the basic security requirements and provide ongoing assistance in detection, prevention, and mitigation of identity theft to Lake Forest College's customers.

Compliance

This Identity Theft Prevention Program is designed to emphasize compliance with all information security requirements, including those detailed in the regulatory agency guidelines. Specifically, the intent of the Identity Theft Prevention Program is to meet the objectives of the FACT Act, as set forth in FTC Rules and Regulations 16 CFR Part 681 – Identity Theft Red Flags. Furthermore, the Identity Theft Prevention Program is aligned with FFIEC and FTC requirements.

Objective

Lake Forest College's objective is to develop a written Identity Theft Prevention Program, designed to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account.

- An officer and/or senior management employee of Lake Forest College will serve as the organization's Identity Theft Prevention Coordinator.
- The program will be updated periodically to reflect changes in risks to customers and to the safety and soundness of the financial institution or creditor from identity theft.

Goals

The specific goals of this program are to:

- Identify relevant Red Flags for the covered accounts that Lake Forest College offers or maintains.
- Define reasonable policies and procedures to detect and respond to identified Red Flags.
- Update the program and Red Flags periodically to reflect changes in risks to customers and to the safety and soundness of Lake Forest College.
- Ensure Board of Directors involvement in the adoption of the organization's written Identity Theft Prevention Program and ongoing oversight of the integral parts of the Identity Theft Prevention Program and related Red Flags.
- Establish responsibility for implementation and maintenance of the Identity Theft Prevention Program, including ongoing review of Red Flags.
- Design, implement, and maintain information security controls to address identified risks relative to the sensitivity level of customer information.
- Train management and staff, as necessary, to effectively implement the Identity Theft Prevention Program.
- Exercise appropriate and effective oversight of service providers and require these vendors to provide appropriate measures designed to meet the control objectives of the Identity Theft Prevention Program.
- Report to the Board of Directors at least annually. The report will address material matters related to the Program and evaluate issues such as: the effectiveness of policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts; service provider arrangements; significant incidents involving identity theft and management's response; and recommendations for material changes to the Program.

Responsibility

The responsibility of maintaining an effective Identity Theft Prevention Program is assigned to the Budget & Audit.

The Budget & Audit will be responsible for the appointment of an Identity Theft Prevention Coordinator. The current Identity Theft Prevention Coordinator will be Doris Dumas. The Identity Theft Prevention Coordinator will report to the Budget & Audit.

Regulatory Requirement

16 CFR Part 681 (c) (Periodic Identification of Covered Accounts) states:

> "Each financial institution or creditor must periodically determine whether it offers or maintains covered accounts. As part of this determination, a financial institution or creditor must conduct a risk assessment to determine whether it offers or maintains covered accounts described in paragraph (b)(3)(ii) of this section, taking into consideration:
>
> (1) The methods it provides to open its accounts;
>
> (2) The methods it provides to access its accounts; and
>
> (3) Its previous experiences with identity theft."

Purpose

The risk assessment required per 16 CFR Part 681 (c) determines if an institution has covered accounts and, consequently, must develop a formal Identity Theft Prevention Program. The risk assessment must be updated periodically based on changes in methods used to open accounts, methods available to access accounts and the institution's experience with identity theft.

Risk Factors

Based on Lake Forest College's Identity Theft Prevention Program Risk Assessment, the following risk factors have been identified:

Types of covered accounts offered:

- Cash Management
- Employee and Student Records
- Loan and Tuition Accounts

Methods to open a covered account:

- By Telephone
- In Person
- Over the Internet
- Through a Third Party
- Through the Mail

Methods to access a covered account:

- ACH
- ATM
- Automatic Transfers
- By Telephone
- Check
- Credit Card
- Debit Card
- In Person
- Merchant Capture

- Over the Internet
- Through a Third Party
- Through the Mail
- Wire Transfers

Threat and Risk Levels

The Identity Theft Risk Assessment follows a qualitative model. Risk levels are determined by considering the likelihood and potential damage of an event as defined below.

Likelihood definitions

- **Low:** Identity Theft is not expected, but there's a slight possibility it may occur at some time.
- **Medium:** Identity Theft might occur at some time based on a history of limited occurrence, type of covered account, and size and complexity of the organization.
- **High:** Identity Theft will probably occur based on a history of frequent occurrence, type of covered account, and size and complexity of the organization.

Damage Potential definitions

- **Minimal:** Identity Theft may result in the minor loss of some resources and reputation.
- **Moderate:** Identity Theft may result in loss of resources and reputation which could harm the organization's ability to achieve its mission.
- **Major:** Identity Theft may result in the loss of major resources and reputation which would harm the organization's ability to achieve its mission.

Risk Level definitions

- **Low:** Impact is minimal and could even be considered a cost of doing business.
- **Medium:** Impact could be significant and possibly affect the stability of the organization.
- **High:** Impact is major and could threaten the stability of the organization.

Conclusion

Based on the Identity Theft Prevention Program Risk Assessment, Lake Forest College has confirmed it is required to develop and maintain an Identity Theft Prevention Program.

2.1 Risk Matrix

Covered Account	Threat	Methods	Controls (Red Flags)	Likelihood	Potential Damage	Risk
Cash Management	Opened Fraudulently	In Person, Through a Third Party, Through the Mail	Documents Altered or Forged, Information on ID Inconsistent with Information on File, Mail is Returned on a Current Employee and/or Student Account, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency, The SSN has been Submitted by Other Persons	Medium	Minimal	Low
	Unauthorized Access	ACH, ATM, Automatic Transfers, By Telephone, Check, Credit Card, Debit Card, In Person, Merchant Capture, Over the Internet, Through a Third Party, Through the Mail, Wire Transfers	Documents Altered or Forged, Information on ID Inconsistent with Information on File, Mail is Returned on a Current Employee and/or Student Account, Notice that a Fraudulent Account has been Opened, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency	Low	Major	High
Employee and Student Records	Opened Fraudulently	By Telephone, In Person, Through the Mail	Documents Altered or Forged, Information on ID Inconsistent with Information on File, Mail is Returned on a Current Employee and/or Student Account, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency, Protection of Faculty, Staff and Student Information	Low	Minimal	Low
	Unauthorized Access	ACH, Automatic Transfers, Check, Credit Card, Over the Internet, Through a Third Party, Through the Mail, Wire Transfers	Consumer Report Address Discrepancy, Documents Altered or Forged, Notice that a Fraudulent Account has been Opened, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency, Protection of Faculty, Staff and Student Information, The SSN has been Submitted by Other Persons	Low	Minimal	Low
Loan and Tuition Accounts	Opened Fraudulently	In Person, Over the Internet, Through a Third Party, Through the Mail	Documents Altered or Forged, Information on ID Inconsistent with Information on File, Mail is Returned on a Current Employee and/or Student Account, Notice that a Fraudulent Account has been Opened, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency, The SSN has been Submitted by Other Persons	Medium	Major	High

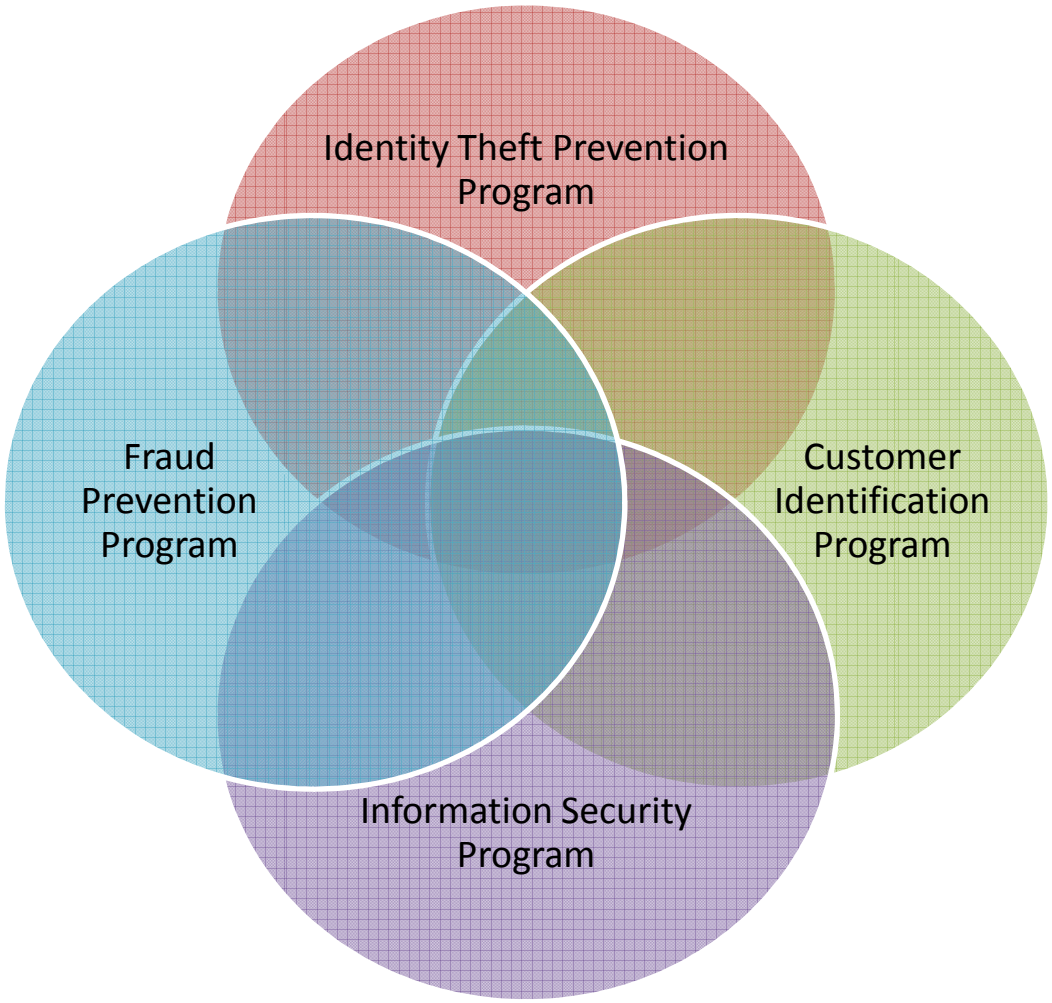
Covered Account	Threat	Methods	Controls (Red Flags)	Likelihood	Potential Damage	Risk
	Unauthorized Access	ACH, Automatic Transfers, By Telephone, Check, In Person, Over the Internet, Through a Third Party, Through the Mail, Wire Transfers	Documents Altered or Forged, Information on ID Inconsistent with Information on File, Mail is Returned on a Current Employee and/or Student Account, Notice that a Fraudulent Account has been Opened, Personal ID or SSN is Associated with Known Fraudulent Activity, Photograph or Physical Description Inconsistency, The SSN has been Submitted by Other Persons	Medium	Major	High

Statement

The Board of Directors of Lake Forest College requires the organization to develop and implement a comprehensive Identity Theft Prevention Program, which identifies relevant Red Flags for all covered accounts. The program will be reviewed and assessed on an annual basis, and the results will be reported to the Board of Directors.

The following other Programs relate to the Identity Theft Prevention Program:

- The Customer Identification Program per 31 U.S.C. 5318(l) (31 CFR 103.121)
- The Fraud Prevention Program
- The Information Security Program: including Information Security Risk Assessment, and Information Security Policies per Gramm-Leach-Bliley Act (GLBA)



3.1 Identification of Relevant Red Flags

Risk Factors

To identify relevant Red Flags, Lake Forest College has evaluated the following factors (see Risk Assessment section above):

Types of covered accounts:

Lake Forest College offers the following types of covered accounts:

- Cash Management
- Employee and Student Records
- Loan and Tuition Accounts

Methods to open a covered account:

- By Telephone
- In Person
- Over the Internet
- Through a Third Party
- Through the Mail

Methods to access a covered account:

- ACH
- ATM
- Automatic Transfers
- By Telephone
- Check
- Credit Card
- Debit Card
- In Person
- Merchant Capture
- Over the Internet
- Through a Third Party
- Through the Mail
- Wire Transfers

Previous experiences with identity theft:

Lake Forest College will take into account previous experiences with identity theft when defining and updating Red Flags.

Sources of Red Flags

Lake Forest College will incorporate relevant Red Flags from sources such as:

- Incidents of identity theft Lake Forest College has experienced.
- Methods of identity theft that reflect changes in identity theft risks.
- Applicable supervisory guidance.

Categories of Red Flags

Lake Forest College will categorize relevant Red Flags into the following categories:

- Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services.
- The presentation of suspicious documents.
- The presentation of suspicious personal identifying information, such as a suspicious address change.
- The unusual use of, or other suspicious activity related to, a covered account.
- Notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identify theft in connection with covered accounts held by the financial institution or creditor.

See Section 4 (Red Flag Policies and Procedures) for a list of identified, relevant Red Flags.

3.2 Detection of Red Flags

Detecting Red Flags

Lake Forest College will address detection of Red Flags in connection with opening of covered accounts and existing covered accounts by:

- Obtaining identifying information about, and verifying the identity of, a person opening a covered account. Lake Forest College will use the policies and procedures regarding identification and verification set forth in the Customer Information Program (CIP), as defined in 31 U.S.C. 5318(l) (31 CFR 103.121).
- Authenticating customers, monitoring transactions, and verifying the validity of change of address requests, in the case of existing covered accounts.

3.3 Prevention and Mitigation of Identity Theft

Preventing and Mitigating Red Flags

Lake Forest College has measures in place to appropriately respond to Red Flags detected that are commensurate with the degree of risk posed. Appropriate responses may include:

- Monitoring a covered account for evidence of identity theft;
- Contacting the customer;
- Changing any passwords, security codes, or other security devices that permit access to a covered account;
- Reopening a covered account with a new account number;
- Not opening a new covered account;
- Closing an existing covered account;
- Not attempting to collect on a covered account or not selling a covered account to a debt collector;
- Notifying law enforcement; or
- Determining that no response is warranted under the particular circumstances...

When determining the appropriate response, Lake Forest College will consider aggravating factors that may heighten the risk of identity theft, such as a data security incident that results in unauthorized access to a customer's account records held by the Lake Forest College or a third party, or notice that a customer has provided information related to a covered account held by Lake Forest College to someone fraudulently claiming to represent Lake Forest College or to a fraudulent website.

3.4 Update the Program

Updating the Program

Lake Forest College will update the Program (including a review of relevant Red Flags) periodically, to reflect changes in risks to customers or to the safety and soundness of Lake Forest College from identity theft based on factors such as:

- The experiences of Lake Forest College with identity theft.
- Changes in methods of identity theft.
- Changes in methods to detect, prevent, and mitigate identity theft.
- Changes in the types of accounts that Lake Forest College offers or maintains.
- Changes in the business arrangements of Lake Forest College including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.

3.5 Administration of the Program

Oversight of the Program

The responsibility of maintaining an effective Identity Theft Prevention Program is assigned to the Budget & Audit.

The Budget & Audit will be responsible for the appointment of an Identity Theft Prevention Coordinator. The current Identity Theft Prevention Coordinator will be Doris Dumas. The Identity Theft Prevention Coordinator will report to the Budget & Audit.

The Identity Theft Prevention Coordinator will:

- Work closely with the organization's senior management and front line personnel to identify, detect, and respond to appropriate Red Flags,
- Assign specific responsibility for the Program's implementation,
- Approve material changes to the Program as necessary to address changing identity theft risks, and
- Report to the Board of Directors at least annually on the compliance of the Program. The report should address material matters related to the Program and evaluate issues such as:
  - The effectiveness of the policies and procedures of Lake Forest College in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts,
  - Service provider arrangements,
  - Significant incidents involving identity theft and management's response, and
  - Recommendations for material changes to the Program.

Oversight of Service Providers

Whenever Lake Forest College engages a service provider to perform an activity in connection with one or more covered accounts, Lake Forest College will take steps to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft. For example, Lake Forest College might require the service provider by contract to have policies and procedures in place to detect relevant Red Flags that may arise in the performance of the service provider's activities, and either report the Red Flags to Lake Forest College or take appropriate steps to prevent or mitigate identity theft.

Staff Training

Financial institutions or creditors need to educate employees to identify and respond to Red Flags. Training supports security awareness and strengthens compliance with the Identity Theft Prevention Program. Ultimately, the behavior and priorities of senior management heavily influence the level of employee awareness and policy compliance, so training and the commitment to security starts with senior management.

Staff will be trained as necessary to effectively implement the Program. Training materials for Lake Forest College will review the identification, detection and response to Red Flags.

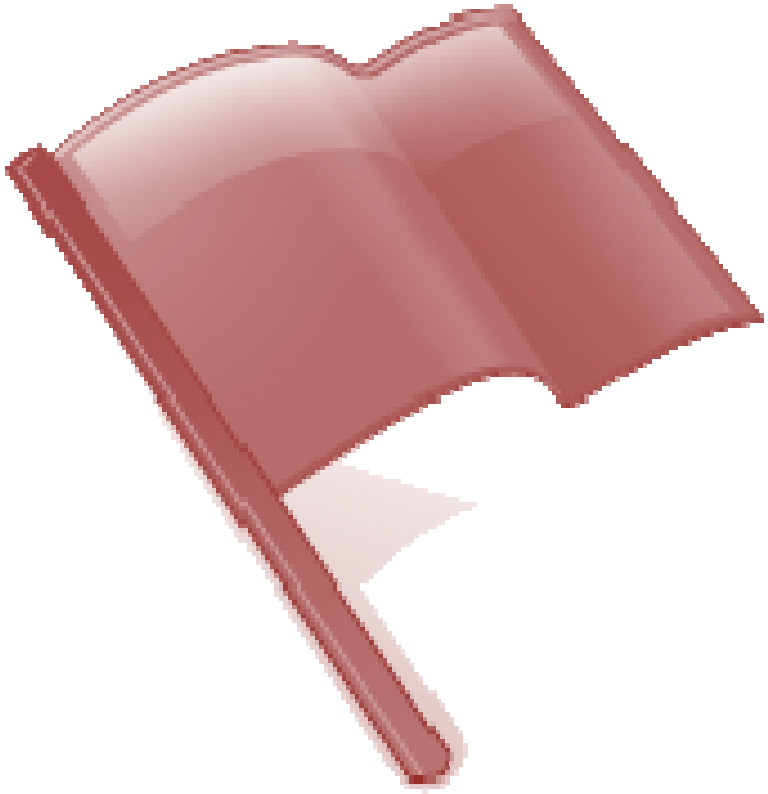
3.6 Other Applicable Legal Requirements

Lake Forest College will be mindful of other related legal requirements that may be applicable, such as:

- Filing a Suspicious Activity Report under 31 U.S.C. 5318 (g);
- Implementing requirements under 15 U.S.C. 1681c-1(h) regarding the circumstances under which credit may be extended when the Lake Forest College detects a fraud or active duty alert;
- Implementing any requirements for furnishers of information to consumer reporting agencies under 15 U.S.C. 1681s-2, for example, to correct or update inaccurate or incomplete information, and to not report information that the furnisher has reasonable cause to believe is inaccurate; and
- Complying with the prohibitions in 15 U.S.C. 1681m on the sale, transfer, and placement for collection of certain debts resulting from identity theft.

4 Red Flag Policies and Procedures

The following Red Flag Policies and Procedures are designed to identify, detect, and respond appropriately to identity theft in connection with the opening of a covered account or access to an existing covered account.



4.1 Alerts, Notifications or Warnings

Red Flags associated alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services.

4.1.1 Consumer Report Alert

Red Flag

A fraud or active duty alert is included on a consumer report.

Detection

Lake Forest College becomes aware of fraud on a consumer report.

Response

Lake Forest College becomes aware of fraud or notification on a consumer report, Lake Forest College will take the following steps:

Determine from the consumer or customer the reason for the alert.

Notify faculty, staff or student member that fraud has been attempted.

Cancel or reverse any transactions that were done erroneously.

Notify and cooperate with appropriate law enforcement.

Determine if no response is warranted under the particular circumstances.

Verification

Ensure appropriate employees are trained to adequately review consumer reports and act on adverse information.

Responsibility

Identity Theft Prevention Coordinator

4.1.2 Consumer Report Address Discrepancy

Red Flag

Lake Forest College receives notice of an address discrepancy from a consumer reporting agency or third-party servicer.

Response

Lake Forest College will do the following:

Determine from internal files whether address is different.

Verify with faculty, staff or student the correct address.

Verify the address with the consumer report or third party.

Verification

Ensure appropriate employees are trained to adequately review consumer reports and resolve discrepancies.

Responsibility

Identity Theft Prevention Coordinator

4.1.3 Protection of Faculty, Staff and Student Information

Red Flag

Personal faculty, staff or student data is compromised or misused by internal persons.

Detection

Lake Forest College will safeguard all sensitive information and will confirm that only specific personnel have access to data.

Response

Lake Forest College will take the following steps with respect to internal operating procedures to protect data:

Use proper internal controls to ensure on authorized persons have access to data.

Identify employees who need access to personnel data and restrict those who do not.

Provide View only access for anyone who does not need to make changes to data.

Request minimal information on forms, only what is necessary to identify faculty, staff or student member.

Mitigate the times social security number is requested on forms.

Immediately and properly discard any credit card data received.

Completely and securely discard paper documents and computer files when no longer relevant.

Required system passwords are changed frequently.

Ensure the website is secure and provide notice when not secure.

Ensure computer virus protection is kept up to date.

Have new employees signed an agreement to properly protect sensitive data.

Verification

Ensure that proper personnel are adequately trained. Use system for various validity checks.

Responsibility

Identity Theft Prevention Coordinator

4.2 Suspicious Documents

Red Flags associated with the presentation of suspicious documents.

4.2.1 Documents Altered or Forged

Red Flag

Documents provided for identification appear to have been altered or forged. Documents could include passports, driver's licenses, and social security cards.

Detection

Faculty, staff or student's identity is verified prior to being hired, receiving cash, inquiring on a tuition or loan account or making changes to personal data (i.e. direct deposit or address changes). Documents used to verify a customer's identity may include:

- Unexpired, government-issued identification evidencing nationality, residency or non-residency and bearing a photograph or similar safeguard, such as driver's license or passport.
- For students, a current student Identification card is required. If non-students, a form of government identification bearing a photograph.

See Lake Forest College's Customer Identification Program for more details.

Response

Lake Forest College will do the following:

Determine from the faculty, staff or student the reason for the appearance of the documents.

Obtain other evidence to verify identity.

Consider reporting to law enforcement personnel.

Verification

Ensure appropriate employees are adequately trained to review documents provided for identification purposes.

Responsibility

Identity Theft Prevention Coordinator

4.2.2 Photograph or Physical Description Inconsistency

Red Flag

The photograph or physical description on the identification is not consistent with the appearance of the person presenting the identification.

Detection

Employee's and Student's identity is verified prior to being hired, receiving cash, inquiring on an tuition or loan account or making changes to personal data (i.e. direct deposit or address changes). In the event photograph provided is not consistent with the appearance of the person's identity, documents used to verify person's identity may include:

- Unexpired, government-issued identification evidencing nationality, residency or non-residency and bearing a photograph or similar safeguard, such as driver's license or passport.
- For students, a current student Identification card is required. If non-students, any form of government identification bearing a photograph.

See Lake Forest College's Customer Identification Program for more details.

Response

Lake Forest College will do the following:

Determine from the faculty, staff or student the reason for the appearance of the documents.

Obtain other evidence to verify identity.

Consider reporting to law enforcement personnel.

Verification

Ensure appropriate employees are trained to adequately review documents provided for identification purposes.

Responsibility

Identity Theft Prevention Coordinator

4.2.3 Information on ID Inconsistent with Information on File

Red Flag

Other information on the identification is not consistent with readily accessible information that is on file with Lake Forest College, such as a signature card or a recent check.

Detection

Verify suspicious data with that on file with Lake Forest College. Match information timely with that on file to negate any loss.

Response

Lake Forest College will do the following:

Determine from the faculty, staff or student the reason for the appearance of the documents.

Investigate any differences.

Obtain other evidence to verify identity.

Obtain other evidence to validate information. If none is provided, notify appropriate college personnel and likely law enforcement.

Verification

Ensure appropriate employees are trained to adequately review documents provided for identification purposes.

Responsibility

Identity Theft Prevention Coordinator

4.3 Suspicious Personal Identifying Information

Red Flags associated with the presentation of suspicious personal identifying information, such as suspicious address change.

4.3.1 Personal ID or SSN is Associated with Known Fraudulent

Red Flag

Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by the financial institution or creditor. For example:

- The address on an application is the same as the address provided on a fraudulent application;
- The phone number on an application is the same as the number provided on a fraudulent application.

Detection

Lake Forest College becomes aware of that faculty, staff or student's Identification or Social Security Number is associated with fraudulent activity.

Response

Once determined that ID or Social Security Number is associated with fraudulent activity, Lake Forest College will:

Verify fraudulent activity exists from internal records or our third-party servicer. Verify information to that on file.

Notify faculty, staff or student member.

Place cash, loan, and tuition accounts on hold.

Notify appropriate personnel and likely law enforcement.

Verification

Ensure appropriate employees are trained to adequately review documents provided for identification purposes.

Responsibility

Identity Theft Prevention Coordinator

4.3.2 The SSN has been Submitted by Other Persons

Red Flag

The Social Security Number (SSN) provided is the same as that submitted by other persons affiliated with Lake Forest College.

Detection

Lake Forest College will run reports to search for duplicate social security numbers in file. Once determined that a duplicate number exists, the college will then verify data in the Social Security Administration File.

See Lake Forest College's Customer Identification Program for procedures for verifying the identity of a customer.

Response

Lake Forest College will verify, periodically, whether duplicate SSN's are in file. Once we determine that there are, we will then vouch information to that in the Social Security Administration File. Is discrepancy truly exists, the college will do the following:

Notify faculty, staff or student member of discrepancy.

If not immediately resolved, terminate from employment and request employee to leave premises.

Verification

Ensure appropriate employees are trained to adequately process reports and review documents provided for identification purposes. Ensure appropriate employees will properly conclude results in Social Security Administration File.

Responsibility

Identity Theft Prevention Coordinator

4.4 Unusual Use or Suspicious Activity

Red Flags associated with the unusual use of, or other suspicious activity related to, a covered account.

4.4.1 Mail is Returned on a Current Employee and/or Student

Red Flag

Mail sent to a current Lake Forest College faculty, staff or student is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the their covered account.

Detection

Lake Forest College becomes aware that mail is repeatedly returned undeliverable when employee is active.

Response

Lake Forest College will do the following:

Notify faculty, staff or student member.

Ensure their identity.

Determine from the faculty, staff or student the reason mail is being returned.

Request proof of legal address.

Place a stop mail note on file if address is not resolved.

Put note in Notepad file so that once person contacts college, we can retrieve information.

Flag transcripts for Hold until resolved.

Verification

Ensure appropriate employees are trained to address returned mail.

Responsibility

Identity Theft Prevention Coordinator

4.4.2 Service Providers to Lake Forest College

Red Flag

Ensure that third party service providers are not violating any sensitive information.

Detection

Lake Forest College will require third party service providers to have policies and procedures in place to detect relevant Red Flags that may arise, and safeguard personal information.

Response

Lake Forest College will require third party servicers to have policies and procedures in place to mitigate identity theft and fraud.

If servicer refuses to provide policy, Lake Forest College will consider withdrawing from the engagement.

Verification

Third Party Servicers that maintain our data are:

Ceridian

Educational Computer Systems

General Revenue Corporation

Jenzabar

National Credit Management

Northern Trust Bank

Sallie Mae

TIAA-CREF

University Accounting Service

Responsibility

Identity Theft Prevention Coordinator

4.5 Notice Given

Red Flags associated with notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by Lake Forest College.

4.5.1 Notice that a Fraudulent Account has been Opened

Red Flag

Lake Forest College is notified that a faculty, staff or student member is a victim of identity theft, and that an account was opened fraudulently.

Detection

Lake Forest College is notified a fraudulent account has been opened for a person engaged in identity theft.

Response

Lake Forest College will close the account and work with law enforcement.

Verification

Ensure employees are trained to respond appropriately to a notification that an account has been opened for a person engaging in identity theft.

Responsibility

Identity Theft Prevention Coordinator

5 Appendices

5.1 Adoption/Revision Log

Revision #	Revision Date	Approval Date	Comments

5.2 Report Template

Identity Theft Prevention Program Annual Report to the Board of Directors

Date of Report

The intent of this report is to provide the overall status of the Identity Theft Prevention Program, along with providing any updates to any of the program components.

Status

The Identity Theft Prevention Program was last updated on Date. The overall status of the Identity Theft Prevention Program is very good.

Effectiveness of Policies and Procedures

Lake Forest College has implemented appropriate policies and procedures to comply with 16 CFR Part 681 (Identity Theft Red Flags) to address the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered account.

See Identity Theft Prevention Program provided separately.

Service Provider Arrangements

1. New service providers
   a.
2. Changes in vendor management processes, procedures, or requirements
   a.

Significant Incidents Involving Identity Theft and Management Response

1. Any significant incidents involving identity theft this year and action taken
   a.
2. Any service provider significant incidents involving identity theft this year and action taken
   a.

Recommendations for Changes in the Identity Theft Prevention Program

1. Additions to the Identity Theft Prevention Program
   a.
2. Deletions from the Identity Theft Prevention Program
   a.

5.3 Regulations

Federal Trade Commission
16 CFR Part 681
Authority and Issuance
☿ For the reasons discussed in the joint preamble, the Commission is adding part 681 of title 16 of the Code of Federal Regulations as follows:
PART 681—IDENTITY THEFT RULES
Sec.
681.1 Duties of users of consumer reports regarding address discrepancies.
681.2 Duties regarding the detection, prevention, and mitigation of identity theft.
681.3 Duties of card issuers regarding changes of address.
Appendix A to Part 681—Interagency Guidelines on Identity Theft Detection, Prevention, and Mitigation
Authority: Pub. L. 108–159, sec. 114 and sec. 315; 15 U.S.C. 1681m(e) and 15 U.S.C. 1681c(h).
§ 681.1 Duties of users regarding address discrepancies.
(a) *Scope.* This section applies to users of consumer reports that are subject to administrative enforcement of the FCRA by the Federal Trade Commission pursuant to 15 U.S.C. 1681s(a)(1) (users).
(b) *Definition.* For purposes of this section, a *notice of address discrepancy* means a notice sent to a user by a consumer reporting agency pursuant to 15 U.S.C. 1681c(h)(1), that informs the user of a substantial difference between the address for the consumer that the user provided to request the consumer report and the address(es) in the agency's file for the consumer.
(c) *Reasonable belief.* (1) *Requirement to form a reasonable belief.* A user must develop and implement reasonable policies and procedures designed to enable the user to form a reasonable belief that a consumer report relates to the consumer about whom it has requested the report, when the user receives a notice of address discrepancy.
(2) *Examples of reasonable policies and procedures.* (i) Comparing the information in the consumer report provided by the consumer reporting agency with information the user:
(A) Obtains and uses to verify the consumer's identity in accordance with the requirements of the Customer Information Program (CIP) rules implementing 31 U.S.C. 5318(l) (31 CFR 103.121);
(B) Maintains in its own records, such as applications, change of address notifications, other customer account records, or retained CIP documentation; or
(C) Obtains from third-party sources; or
(ii) Verifying the information in the consumer report provided by the consumer reporting agency with the consumer.
(d) *Consumer's address.* (1) *Requirement to furnish consumer's address to a consumer reporting agency.* A user must develop and implement reasonable policies and procedures for furnishing an address for the consumer that the user has reasonably confirmed is accurate to the consumer reporting agency from whom it received the notice of address discrepancy when the user:
(i) Can form a reasonable belief that the consumer report relates to the consumer about whom the user requested the report;
(ii) Establishes a continuing relationship with the consumer; and
(iii) Regularly and in the ordinary course of business furnishes information to the consumer reporting agency from which the notice of address discrepancy relating to the consumer was obtained.
(2) *Examples of confirmation methods.* The user may reasonably confirm an address is accurate by:
(i) Verifying the address with the consumer about whom it has requested the report;
(ii) Reviewing its own records to verify the address of the consumer;
(iii) Verifying the address through third-party sources; or
(iv) Using other reasonable means.
(3) *Timing.* The policies and procedures developed in accordance with paragraph (d)(1) of this section must provide that the user will furnish the consumer's address that the user has reasonably confirmed is accurate to the consumer reporting agency as part of the information it regularly furnishes for the reporting period in which it establishes a relationship with the consumer.
§ 681.2 Duties regarding the detection, prevention, and mitigation of identity theft.
(a) *Scope.* This section applies to financial institutions and creditors that are subject to administrative enforcement of the FCRA by the Federal Trade Commission pursuant to 15 U.S.C. 1681s(a)(1).
(b) *Definitions.* For purposes of this section, and Appendix A, the following definitions apply:
(1) *Account* means a continuing relationship established by a person with a financial institution or creditor to obtain a product or service for personal, family, household or business purposes. Account includes:
(i) An extension of credit, such as the purchase of property or services involving a deferred payment; and
(ii) A deposit account.
(2) The term *board of directors* includes:
(i) In the case of a branch or agency of a foreign bank, the managing official in charge of the branch or agency; and
(ii) In the case of any other creditor that does not have a board of directors, a designated employee at the level of senior management.
(3) *Covered account* means:
(i) 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
(ii) Any other account that the financial institution or creditor offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft, including financial, operational, compliance, reputation, or litigation risks.
(4) *Credit* has the same meaning as in 15 U.S.C. 1681a(r)(5).
(5) *Creditor* has the same meaning as in 15 U.S.C. 1681a(r)(5), and includes lenders such as banks, finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies.
(6) *Customer* means a person that has a covered account with a financial institution or creditor.
(7) *Financial institution* has the same meaning as in 15 U.S.C. 1681a(t).
(8) *Identity theft* has the same meaning as in 16 CFR 603.2(a).
(9) *Red Flag* means a pattern, practice, or specific activity that indicates the possible existence of identity theft.
(10) *Service provider* means a person that provides a service directly to the financial institution or creditor.
(c) *Periodic Identification of Covered Accounts.* Each financial institution or creditor must periodically determine whether it offers or maintains covered accounts. As a part of this determination, a financial institution or creditor must conduct a risk assessment to determine whether it offers or maintains covered accounts described in paragraph (b)(3)(ii) of this section, taking into consideration:
(1) The methods it provides to open its accounts;
(2) The methods it provides to access its accounts; and
(3) Its previous experiences with identity theft.
(d) *Establishment of an Identity Theft Prevention Program.* (1) *Program requirement.* Each financial institution or creditor that offers or maintains one or more covered accounts must develop

and implement a written Identity Theft Prevention Program (Program) that is designed to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account. The Program must be appropriate to the size and complexity of the financial institution or creditor and the nature and scope of its activities.
(2) *Elements of the Program.* The Program must include reasonable policies and procedures to:
(i) Identify relevant Red Flags for the covered accounts that the financial institution or creditor offers or maintains, and incorporate those Red Flags into its Program;
(ii) Detect Red Flags that have been incorporated into the Program of the financial institution or creditor;
(iii) Respond appropriately to any Red Flags that are detected pursuant to paragraph (d)(2)(ii) of this section to prevent and mitigate identity theft; and
(iv) Ensure the Program (including the Red Flags determined to be relevant) is updated periodically, to reflect changes in risks to customers and to the safety and soundness of the financial institution or creditor from identity theft.
(e) *Administration of the Program.* Each financial institution or creditor that is required to implement a Program must provide for the continued administration of the Program and must:
(1) Obtain approval of the initial written Program from either its board of directors or an appropriate committee of the board of directors;
(2) Involve the board of directors, an appropriate committee thereof, or a designated employee at the level of senior management in the oversight, development, implementation and administration of the Program;
(3) Train staff, as necessary, to effectively implement the Program; and
(4) Exercise appropriate and effective oversight of service provider arrangements.
(f) *Guidelines.* Each financial institution or creditor that is required to implement a Program must consider the guidelines in Appendix A of this part and include in its Program those guidelines that are appropriate.

§ 681.3 Duties of card issuers regarding changes of address.

(a) *Scope.* This section applies to a person described in § 681.2(a) that issues a debit or credit card (card issuer).
(b) *Definitions.* For purposes of this section:
(1) *Cardholder* means a consumer who has been issued a credit or debit card.
(2) *Clear and conspicuous* means reasonably understandable and designed to call attention to the nature and significance of the information presented.
(c) *Address validation requirements.* A card issuer must establish and implement reasonable policies and procedures to assess the validity of a change of address if it receives notification of a change of address for a consumer's debit or credit card account and, within a short period of time afterwards (during at least the first 30 days after it receives such notification), the card issuer receives a request for an additional or replacement card for the same account. Under these circumstances, the card issuer may not issue an additional or replacement card, until, in accordance with its reasonable policies and procedures and for the purpose of assessing the validity of the change of address, the card issuer:
(1)(i) Notifies the cardholder of the request:
(A) At the cardholder's former address; or
(B) By any other means of communication that the card issuer and the cardholder have previously agreed to use; and (ii) Provides to the cardholder a reasonable means of promptly reporting incorrect address changes; or
(2) Otherwise assesses the validity of the change of address in accordance with the policies and procedures the card issuer has established pursuant to § 681.2 of this part.
(d) *Alternative timing of address validation.* A card issuer may satisfy the requirements of paragraph (c) of this section if it validates an address pursuant to the methods in paragraph (c)(1) or (c)(2) of this section when it receives an address change notification, before it receives a request for an additional or replacement card.
(e) *Form of notice.* Any written or electronic notice that the card issuer provides under this paragraph must be clear and conspicuous and provided separately from its regular correspondence with the cardholder.

Appendix A to Part 681—Interagency Guidelines on Identity Theft Detection, Prevention, and Mitigation

Section 681.2 of this part requires each financial institution and creditor that offers or maintains one or more covered accounts, as defined in § 681.2(b)(3) of this part, to develop and provide for the continued administration of a written Program to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account. These guidelines are intended to assist financial institutions and creditors in the formulation and maintenance of a Program that satisfies the requirements of § 681.2 of this part.
I. The Program
In designing its Program, a financial institution or creditor may incorporate, as appropriate, its existing policies, procedures, and other arrangements that control reasonably foreseeable risks to customers or to the safety and soundness of the financial institution or creditor from identity theft.
II. Identifying Relevant Red Flags
(a) *Risk Factors.* A financial institution or creditor should consider the following factors in identifying relevant Red Flags for covered accounts, as appropriate:
(1) The types of covered accounts it offers or maintains;
(2) The methods it provides to open its covered accounts;
(3) The methods it provides to access its covered accounts; and
(4) Its previous experiences with identity theft.
(b) *Sources of Red Flags.* Financial institutions and creditors should incorporate relevant Red Flags from sources such as:
(1) Incidents of identity theft that the financial institution or creditor has experienced;
(2) Methods of identity theft that the financial institution or creditor has identified that reflect changes in identity theft risks; and
(3) Applicable supervisory guidance.
(c) *Categories of Red Flags.* The Program should include relevant Red Flags from the following categories, as appropriate. Examples of Red Flags from each of these categories are appended as Supplement A to this Appendix A.
(1) Alerts, notifications, or other warnings received from consumer reporting agencies or
service providers, such as fraud detection services;
(2) The presentation of suspicious documents;
(3) The presentation of suspicious personal identifying information, such as a suspicious address change;
(4) The unusual use of, or other suspicious activity related to, a covered account; and
(5) Notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the financial institution or creditor.
III. Detecting Red Flags
The Program's policies and procedures should address the detection of Red Flags in connection with the opening of covered accounts and existing covered accounts, such as by:
(a) Obtaining identifying information about, and verifying the identity of, a person opening a covered account, for example, using the policies and procedures regarding identification and verification set forth in the Customer Identification Program rules implementing 31 U.S.C. 5318(l) (31 CFR 103.121); and
(b) Authenticating customers, monitoring transactions, and verifying the validity of change of address requests, in the case of existing covered accounts.
IV. Preventing and Mitigating Identity Theft
The Program's policies and procedures should provide for appropriate responses to the Red Flags the financial institution or creditor has detected that are commensurate with the degree of risk posed. In determining an appropriate response, a financial institution or creditor should consider aggravating factors that may heighten the risk of identity theft, such as a data security incident that results in unauthorized access

to a customer's account records held by the financial institution, creditor, or third party, or notice that a customer has provided information related to a covered account held by the financial institution or creditor to someone fraudulently claiming to represent the financial institution or creditor or to a fraudulent website. Appropriate responses may include the following:
(a) Monitoring a covered account for evidence of identity theft;
(b) Contacting the customer;
(c) Changing any passwords, security codes, or other security devices that permit access to a covered account;
(d) Reopening a covered account with a new account number;
(e) Not opening a new covered account;
(f) Closing an existing covered account;
(g) Not attempting to collect on a covered account or not selling a covered account to a debt collector;
(h) Notifying law enforcement; or
(i) Determining that no response is warranted under the particular
the policies and procedures
of the financial institution or creditor in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts; service provider arrangements; significant incidents involving identity theft and management's response; and recommendations for material changes to the Program.
(c) *Oversight of service provider arrangements.* Whenever a financial
) For financial institutions and creditors that are subject to 31 U.S.C. 5318(g), filing a Suspicious Activity Report in accordance with applicable law and regulation;
(b) Implementing any requirements under 15 U.S.C. 1681c–1(h) regarding the circumstances under which credit may be extended when the financial institution or creditor detects a fraud or active duty alert;
(c) Implementing any requirements for furnishers of information to consumer reporting agencies under 15 U.S.C. 1681s–2, for example, to correct or update inaccurate or incomplete information, and to not report information that the furnisher has reasonable cause to believe is inaccurate; and
(d) Complying with the prohibitions in 15 U.S.C. 1681m on the sale, transfer, and placement for collection of certain debts resulting from identity theft.
Supplement A to Appendix A
In addition to incorporating Red Flags from the sources recommended in section II.b. of the Guidelines in Appendix A of this part, each financial institution or creditor may consider incorporating into its Program, whether singly or in combination, Red Flags
address does not match any address
in the consumer report; or
b. The Social Security Number (SSN) has not been issued, or is listed on the Social Security Administration's Death Master File.
11. Personal identifying information provided by the customer is not consistent with other personal identifying information

13. Personal identifying information provided is of a type commonly associated

circumstances.
V. Updating the Program
Financial institutions and creditors should update the Program (including the Red Flags determined to be relevant) periodically, to reflect changes in risks to customers or to the safety and soundness of the financial institution or creditor from identity theft, based on factors such as:
(a) The experiences of the financial institution or creditor with identity theft;
(b) Changes in methods of identity theft;
(c) Changes in methods to detect, prevent, and mitigate identity theft;
(d) Changes in the types of accounts that the financial institution or creditor offers or maintains; and
(e) Changes in the business arrangements of the financial institution or creditor, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.
VI. Methods for Administering the Program
(a) *Oversight of Program.* Oversight by the board of directors, an appropriate committee institution or creditor engages a service provider to perform an activity in connection with one or more covered accounts the financial institution or creditor should take steps to ensure that the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft. For example, a financial institution or creditor could require the service provider by contract to have policies

from the following illustrative examples in connection with covered accounts:
Alerts, Notifications or Warnings from a Consumer Reporting Agency
1. A fraud or active duty alert is included with a consumer report.
2. A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.
3. A consumer reporting agency provides a notice of address discrepancy, as defined in § 681.1(b) of this part.
4. A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or customer, such as:
a. A recent and significant increase in the volume of inquiries;
b. An unusual number of recently established credit relationships;
c. A material change in the use of credit, especially with respect to recently established credit relationships; or
d. An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.
Suspicious Documents
provided by the customer. For example, there is a lack of correlation between the SSN range and date of birth.
12. Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by the financial institution or creditor. For example:
with fraudulent activity as indicated by internal or third-party sources used by the financial institution or creditor. For example:

of the board, or a designated employee at the level of senior management should include:
(1) Assigning specific responsibility for the Program's implementation;
(2) Reviewing reports prepared by staff regarding compliance by the financial institution or creditor with § 681.2 of this part; and
(3) Approving material changes to the Program as necessary to address changing identity theft risks.
(b) *Reports.* (1) *In general.* Staff of the financial institution or creditor responsible for development, implementation, and administration of its Program should report to the board of directors, an appropriate committee of the board, or a designated employee at the level of senior management, at least annually, on compliance by the financial institution or creditor with § 681.2 of this part.
(2) *Contents of report.* The report should address material matters related to the Program and evaluate issues such as: The effectiveness of
and procedures to detect relevant Red Flags that may arise in the performance of the service provider's activities, and either report the Red Flags to the financial institution or creditor, or to take appropriate steps to prevent or mitigate identity theft.
VII. Other Applicable Legal Requirements
Financial institutions and creditors should be mindful of other related legal requirements that may be applicable, such as:
(a

5. Documents provided for identification appear to have been altered or forged.
6. The photograph or physical description on the identification is not consistent with the appearance of the applicant or customer presenting the identification.
7. Other information on the identification is not consistent with information provided by the person opening a new covered account or customer presenting the identification.
8. Other information on the identification is not consistent with readily accessible information that is on file with the financial institution or creditor, such as a signature card or a recent check.
9. An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.
Suspicious Personal Identifying Information
10. Personal identifying information provided is inconsistent when compared against external information sources used by the financial institution or creditor. For example:
a. The

a. The address on an application is the same as the address provided on a fraudulent application; or
b. The phone number on an application is the same as the number provided on a fraudulent application.

a. The address on an application is fictitious, a mail drop, or a prison; or
b. The phone number is invalid, or is

associated with a pager or answering service.
14. The SSN provided is the same as that submitted by other persons opening an account or other customers.
15. The address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of other persons opening accounts or other customers.
16. The person opening the covered account or the customer fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.
17. Personal identifying information provided is not consistent with personal identifying information that is on file with the financial institution or creditor.
18. For financial institutions and creditors that use challenge questions, the person opening the covered account or the customer cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.

Unusual Use of, or Suspicious Activity Related to, the Covered Account

19. Shortly following the notice of a change of address for a covered account, the institution or creditor receives a request for a new, additional, or replacement card or a cell phone, or for the addition of authorized users on the account.
20. A new revolving credit account is used in a manner commonly associated with known patterns of fraud patterns. For example:
a. The majority of available credit is used for cash advances or merchandise that is easily convertible to cash (e.g., electronics equipment or jewelry); or
b. The customer fails to make the first payment or makes an initial payment but no subsequent payments.
21. A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:
a. Nonpayment when there is no history of late or missed payments;
b. A material increase in the use of available credit;
c. A material change in purchasing or spending patterns;
d. A material change in electronic fund transfer patterns in connection with a deposit account; or
e. A material change in telephone call patterns in connection with a cellular phone account.
22. A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).
23. Mail sent to the customer is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the customer's covered account.
24. The financial institution or creditor is notified that the customer is not receiving paper account statements.
25. The financial institution or creditor is notified of unauthorized charges or transactions in connection with a customer's covered account.

Notice from Customers, Victims of Identity Theft, Law Enforcement Authorities, or Other Persons Regarding Possible Identity Theft in Connection With Covered Accounts Held by the Financial Institution or Creditor

26. The financial institution or creditor is notified by a customer, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.