

To: Our Clients and Friends

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FTC Extends Deadline For Identity Theft Red Flags Rule To December 31, 2010

The Federal Trade Commission announced that it will further delay enforcement of the “Red Flags” Rule through December 31, 2010, while Congress considers legislation that would affect the scope of entities covered by the Rule. Today’s announcement does not affect other federal agencies’ enforcement of the original November 1, 2008 deadline. As a result, the extension does not apply to banks and other financial institutions that are covered by the Red Flags Rules which were separately issued by the Federal Reserve, FDIC, Treasury Department, or National Credit Union Administration.

The Red Flags Rule requires businesses that are considered “financial institutions,” or “creditors” to create written programs to detect, prevent, and mitigate identity theft. The FTC originally interpreted the term “creditor” to apply not only to banks, savings and loans, and credit unions, but to finance companies, automobile dealers, utilities, telecommunications companies, and other businesses that “defer payment” for goods or services which could include retailers, manufacturers, and service providers in almost every industry. Although the FTC originally indicated that businesses had to put their new programs in place by November 1, 2008, the FTC has extended the compliance deadline on four prior occasions, and has faced legal challenges from various trade associations, including the American Bar Association, and the American Medical Association, concerning the scope of the rule.

More Information

If you have any questions regarding the Red Flags Rule or the FTC’s enforcement of other consumer protection laws, rules or regulations, please contact:

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