

August 2009 E-Newsletter

## **FTC Delays 'Red Flag' Rule**

To assist small businesses and other entities, the Federal Trade Commission will delay enforcement of the Red Flag Rule until November 1, 2009.

The Red Flag Rule is an anti-fraud regulation, requiring "creditors" and "financial institutions" with covered accounts to implement programs to identify, detect, and respond to the warning signs, or "red flags," that could indicate identity theft.

The financial regulatory agencies, including the FTC, developed the Rule, which was mandated by the Fair and Accurate Credit Transactions Act of 2003 (FACTA). FACTA's definition of "creditor" includes any entity that regularly extends or reviews credit - or arranges for others to do so - and includes all entities that regularly permit deferred payments for goods or services.