



CITY OF NEWTON IDENTITY THEFT PREVENTION POLICY

Subject: New Identity Theft Prevention Program for the City of Newton

Purpose: The creation and implementation of an Identity Theft Prevention Program at the City of Newton that will identify, detect, mitigate, and update Red Flags that signal the possibility of identity theft in connection with the opening of a covered account or any existing covered account.

Effective Date: *October 21, 2008*

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PART 1 DEFINITIONS

1. For purposes of this Policy, the term "*Covered Account*" means an account that the City of Newton offers or maintains, primarily for personal, family or household purposes, that involves or is designed to permit multiple payments or transactions **and** any other account that the City of Newton offers or maintains for which there is a reasonably foreseeable risk to customers or the safety and soundness of the City of Newton from identity theft, including financial, operational, compliance, reputation, or litigation risks.
2. For purposes of this Policy, the term "*Identity Theft*" means a fraud committed or attempted using the identifying information of another person without authority.
3. For purposes of this Policy, the term "*Red Flag*" means a pattern, practice, or specific activity that indicates the possible existence of identity theft. Part 2 provides a specific description of which Red Flags are applicable to this policy.

PART 2

IDENTIFICATION OF RELEVANT RED FLAGS

After careful examination of our accounts, including the methods by which we open access and past experience with identity theft, the following events/occurrences reasonably indicate the potential for identity theft and should be considered "Red Flags" for purposes of this policy:

A. Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detections services.

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 (See Part 5).
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.

B. The presentation of suspicious documents, such as:

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.

C. The presentation of suspicious personal identifying information, such as a suspicious address changes:

10. Personal identifying information provided is inconsistent when compared against external information sources used by the City of Newton. For example: a. The 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 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 City of Newton. For example:
 - 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.
13. Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by the financial institution or creditor. For example:
 - 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 City of Newton.
18. If the City of Newton uses 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.

D. The unusual use of, or other suspicious activity related to, a covered account:

19. Shortly following the notice of a change of address for a covered account, the City of Newton 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 City of Newton is notified that the customer is not receiving paper account statements.
25. The City of Newton is notified of unauthorized charges or transactions in connection with a customer's covered account.

E. 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 City of Newton:

26. The City of Newton 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.

PART 3

DETECTION, PREVENTION AND MITIGATION

A. Detection

In an effort to ensure proper detection of any Red Flags, all customers (consumers) must provide at least the following information/documentation before any new covered account will be opened:

1. Full Name;
2. Date of birth (individual);
3. Address, (a residential or business street address for an individual; for an individual who does not have a residential or business street address, an Army Post Office (APO) or Fleet Post Office (FPO) box number, or the residential or business street address of next of kin or of another contact individual; or for a person other than an individual (such as a corporation, partnership, or trust), a principal place of business, local office, or other physical location; and;
4. Identification number, which shall be: (i) For a U.S. person, a taxpayer identification number; or (ii) For a non-U.S. person, one or more of the following: a taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

For any account holder of a covered account for which the above information is not already on file at the City of Newton, the customer will be contacted within a reasonable period of time after discovering the missing information to obtain the necessary information.

To assist with detection of Red Flags, the City of Newton will implement the appropriate computer programs tailored to the City of Newton business needs to help authenticate customers, monitor transactions, and change of address requests.

B. Preventing and Mitigating Identity Theft

In the event a Red Flag is detected, the City of Newton is committed to preventing the occurrence of identity theft and taking the appropriate steps to mitigate any harm caused thereby. In order to respond appropriately to the detection of a Red Flag, the City of Newton shall consider any aggravating circumstance(s) that may heighten the risk of identity theft. After assessing the degree of risk posed, the City of Newton will respond to the Red Flag in an appropriate manner, which may include:

1. Monitoring a covered account for evidence of identity theft;
2. Contacting the customer;

3. Changing any passwords, security codes, or other security devices that permit access to a covered account;
4. Reopening a covered account with a new account number;
5. Not opening a new covered account;
6. Closing an existing covered account;
7. Not attempting to collect on a covered account or not selling a covered account to a debt collector;
8. Notifying law enforcement; or
9. Determining that no response is warranted under the particular circumstances.

For the protection of our customers, all service providers hired by the City of Newton to perform any activity in connection with any covered account must also take appropriate steps to prevent identity theft. To this end, the City of Newton will only contract with service providers that have implemented and follow a similar identity theft prevention policy.

PART 4 PROGRAM UPDATES

The City of Newton is committed to maintaining an Identity Theft Prevention Policy that is current with the ever-changing crime of identity theft. To that end, the City of Newton will reassess this policy on a periodic (annual) basis. In reassessing this policy, the City of Newton will add/delete Red Flags in Part 2, as necessary, to reflect changes in risks to customers or to the safety and soundness of the City of Newton from identity theft. The determination to make changes to this policy will be within the discretion of the responsible parties, identified in Part 6 of this policy, but after careful consideration of the following:

1. The City of Newton's past experience(s) with identity theft;
2. Changes in methods of identity theft;
3. Changes in methods to detect, prevent, and mitigate identity theft;
4. Changes in the types of accounts that the City of Newton offers or maintains; and
5. Changes in the business arrangements of the City of Newton, including mergers, acquisitions, alliances, joint ventures, and service provider arrangements.

PART 5
ADDITIONAL LEGAL REQUIREMENTS (IF NECESSARY)

A. Consumer Addresses

1. Address Confirmation

The City of Newton shall furnish the consumer's address that the City has reasonably confirmed is accurate to consumer reporting agencies as part of the information that the City of Newton regularly furnishes for the reporting period in which the City of Newton establishes a relationship with the consumer. In an effort to ensure that the City of Newton maintains accurate address information for its consumers and to ensure the City of Newton provides accurate address information of our consumers to reporting agencies, at least one of the following steps must be taken prior to providing the consumer's address to the consumer reporting agency:

- a) Verify the address on file with the consumer;
- b) Confirm the address being sent to the consumer reporting agency matches the address the City of Newton has on file for that particular consumer;
- c) Compare the address with information received from any third-party source; or
- d) Verify by other means that are reasonably available at the time.

2. Address Discrepancies

Because the City of Newton is a user of consumer reports, at least one of the following steps must be taken when the City of Newton receives notice from any consumer reporting agency that a substantial difference exists between the address for the consumer that the City of Newton provided and the address(es) in the consumer reporting agency's file for that particular consumer:

- a) Compare the differing address with the City of Newton 's file, by either (1) confirming that the address information provided by the City of Newton to the consumer reporting agency is the same information the City obtains and uses to verify the consumer's identity in accordance with the requirements of the Customer Information Program (CIP) rules (31 USC 5318(1) (31 CPR 103.121»); or (2) comparing the differing addresses with the City of Newton's records and files, including applications, change of address notifications, other customer account records, or retained CIP documentation; or (3) comparing the differing addresses with information the City may have received from a third-party source; or
- b) Verify the information in the consumer report provided by the consumer reporting agency with the consumer.

B. Other requirements should be addressed below based on entity type

Examples:

- (a) 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-l(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.

DISCLAIMER: There may be additional requirements, such as the examples provided above. However, the above examples are not intended to be an exhaustive list.

PART 6 ADMINISTRATION

All department heads, or their designee, will be responsible for overseeing the implementation, management, and updating of this new policy and shall have the following responsibilities:

1. Assign specific responsibility for the Program's implementation, including appropriate training for staff;
 - At least annually, the assigned staff must report to the City Manager and provide an update on the policy's effectiveness, any service provider arrangements, significant incidents involving identity theft and the City of Newton's response, and recommendations for ways to improve the program.
2. Review reports prepared by staff to ensure that the City of Newton remains compliant with its legal responsibility to maintain an Identity Theft Prevention Program; and
3. Approve material changes to this program as necessary to address changing identity theft risks.

**PART 7
POLICY APPROVAL**

This Identity Theft Prevention Program is hereby made a Policy of the City of Newton effective this the 21st day of October, 2008.

Signed copies available through City Clerk's office

Robert A. Mullinax, Mayor

ATTEST:

Beunice R. Roberts, CMC/City Clerk