



Information Privacy & Data Security Law Alert Update

A Corporate Department Publication

July 2009

This Information Privacy & Data Security Law Alert is intended to provide general information for clients or interested individuals and should not be relied upon as legal advice. Please consult an attorney for specific advice regarding your particular situation.

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FTC Delays Enforcement of Red Flags Rule

Yesterday the FTC announced that it would delay enforcement of its Red Flags Rule until November 1, 2009. Enforcement had been scheduled to begin August 1, 2009. This postponement comes as good news for the many organizations that have not yet instituted an appropriate policy pursuant to the rule.

The Red Flags Rule is an FTC regulation that requires "creditors" with "covered accounts" to have a program in place to detect identity theft. The term "creditor" is defined broadly to include any entity that regularly extends credit. A "covered account" is essentially the extension of credit as part of a continuing relationship to purchase a product or service for personal, household, or business purposes. Examples of creditors under the Rule include financial companies, car dealers, mortgage brokers, utility companies, telecommunications companies, healthcare organizations, registered broker-dealers, retailers, and numerous other businesses that extend credit or defer payment. Examples of covered accounts include margin accounts, mortgage loans, car loans, and accounts for credit cards, cell phones, utilities, checking, and savings. For additional information regarding the Red Flags Rule, we invite you to review our previous alerts on this topic. [Health Care Law Alert February 2009](#), [Information Privacy and Data Security Law Alert February 2009](#), and [Information Privacy and Data Security Law Alert Update May 2009](#). Or, please visit our publications at www.porterwright.com.

Businesses that have not yet instituted a policy should take advantage of the enforcement deadline extension to do so. The FTC announcement can be found at <http://www.ftc.gov/opa/2009/07/redflag.shtm>.

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