

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only
Meeting Date **Held Until**
 / / / /
Agenda Item No: **Agenda Item No:**
 _____ _____

Department: County Administrator's Office/County Counsel/Community Development Commission

() **4/5 Vote Required**

Contact:
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Board Date:
7-21-09

Deadline for Board Action:
7-21-09

AGENDA SHORT TITLE:
Identity Theft Prevention Program

REQUESTED BOARD ACTION:
Adopt Resolution approving County of Sonoma and Sonoma County Community Development Commission Identity Theft Prevention Program

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES

ADD'L FUNDS REQUIRING BOARD

Estimated Cost \$

Contingencies \$
(Fund Name:)

Amount Budgeted \$

Unanticipated Revenue \$
(Source:)

Other Avail Approp. \$
(Explain below)

Other Transfer(s) \$
(Source:)

Additional Requested: \$

Add'l Funds Requested: \$

Explanation (if required):

Prior Board Action(s):

Alternatives - Results of Non-Approval: Not adopt program or direct that staff prepare a different program. Federal law requires that the county have a program implemented by August 1, 2009

Background:

The implementation of Federal Red Flag requirements.

Identity thieves use the personal identifying information of others to open new accounts and misuse existing accounts. The red flag rules require creditors to implement a program to detect, prevent, and mitigate instances of identity theft.

The Federal Trade Commission, the Federal Bank Regulatory Agencies and the National Credit Union Administration have issued regulations requiring financial institutions and creditors to develop and implement written identity theft programs, as part of the Fair and Accurate Credit Transactions (FACT) Act of 2003. The programs are required to be in place by August 1, 2009.

Who must be in compliance with the red flag rules?

The Red Flag Rules apply to “creditors” with “covered accounts.”

A **creditor** is any entity that regularly extends, renews or continues credit. In June of 2008 the FTC announced that where government entities allow people who receive goods and services from the entity to defer payment for those goods and services, those government entities are considered creditors under the Fact Act.

A **covered account** is an account used primarily for personal, family or household purposes that involves multiple payments or transactions. Specific examples of covered accounts include credit card accounts, mortgage loans, automobile loans, margin accounts, cell phone accounts, utility accounts, checking accounts and savings accounts. In addition, any account that is subject to a foreseeable risk of identity theft is also a covered account.

Attachments: Resolution: Proposed policy.

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

Background: (Continued)

What does compliance with the red flag rules require?

The County and the Sonoma County Community Development Commission (SCCDC) fall within the broad definition of “creditor.” Therefore, the County and the CDC were required to make a determination whether either entity had “covered accounts.” If so, then County and CDC must design a written program that identifies, detects, prevents and mitigates identity theft in connection with existing accounts or the opening of new accounts. (The Sonoma County Water Agency adopted its identity theft program last fall).

Specific categories of red flags indicative of possible identity theft the FTC provided are: (1) alerts, notifications or warnings from a consumer reporting agency; (2) suspicious documents; (3) suspicious personal identifying information; (4) unusual use of or suspicious activity related to, the covered account; and (5) notice from a person regarding possible identity theft I connection with covered accounts held by the creditor.

Establishing the scope of the program.

County departments and the SCCDC were asked to identify whether their department (1) provides goods or services and allow the customer to defer payment for these goods or services (e.g., patient at medical clinic receives health services and is billed after-the-fact for those services); or (2) handles any loans or utility accounts; or (3) allows people to defer payment or make installment payments for goods or services; or (4) has discovered any instances of identity theft in connection with its provision of goods or services in the past; or (5) receives consumer reports about potential or current customers in connection with the provision of goods or services.

The following Department and the SCCDC identified their activities in which identity theft might be identified:

- * The Health Department provides health care services for which payment is made after the service is consumed or the service has otherwise been provided.
- * The Human Services Department provides general and other financial assistance, collects overpayments, and provides expense money for job training programs.
- Sonoma County Regional Parks bills for utilities, berthing fees, and dock use at Spud Point Marina and Porto Bodega/Sport fishing Center; accepts credit card payments for camping reservations and other park functions; and may begin conducting credit checks for potential tenants at Spud Point Marina.
- The Auditor-Controller-Treasurer-Tax Collector (ACCTTC) collects money that is owed to the County, in the following manner: as installment payment plans on taxes; as contractual assessment payments for energy improvements under the Sonoma County Energy Independence Program; by processing charges for sanitation and water services; and by providing general collection services on debts owed to or collected by the County. Thus, their files contain personal identifying information that is covered by the FACT Act.
- The SCCDC administers a number of loan programs for County employees and members of the public. SCCDC both originates and services such loans.

Background: (Continued)

County Counsel reviewed the Federal Regulations, reviewed several programs developed by other local governments, and developed a program to propose for Sonoma county. The program identifies certain indicia of identity theft (i.e., forged documents; inconsistent personal identification), and lays out a reporting mechanism so that these instances are brought to the attention of senior staff, evaluated, and reported to authorities or the client if appropriate. Senior department staff will annually evaluate the program, and report to the County Administrator's Office. That Office will determine if any changes to the program are required in light of any changed circumstances