

MEMORANDUM

TO: Community Services, Housing, Adult Care Facility and Assisted Living Members

FROM: Diane Darbyshire, Senior Policy Analyst

DATE: April 20, 2009

SUBJECT: **Federal “Red Flag” Rules and How They Impact You**

ROUTE TO: Administrators, Program Directors

ABSTRACT: Federal rules, to be enforced May 1, will impact many aging services providers.

Introduction

The American Association for Homes and Services for the Aging (AAHSA) has shared the following information with us regarding federal rules that are to be enforced starting May 1, 2009. These rules, called “Red Flag Rules” are likely to impact many aging services providers.

Red Flag Rules

Late in 2007, six federal agencies, including the Federal Trade Commission (“FTC”), jointly issued final rules and accompanying guidelines to implement Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (“FACTA”). These so-called “Red Flag Rules” (the “Rules” or “Red Flag Rules”) require financial institutions and creditors to establish and implement a written identity theft prevention program to detect, prevent and mitigate identity theft in connection with the opening of certain accounts or certain existing accounts. Although the Rules became effective on January 1, 2008, they will not be enforced by the FTC until May 1, 2009. If your organization creates an account for a senior and bills him or her for services after such services have been rendered, you then qualify as a creditor under the Rules. A comprehensive document regarding these rules is provided as an attachment to this document, along with a decision tree to help determine if these rules apply to you.

Conclusion

If you have any questions regarding the contents of this memo, contact Diane Darbyshire at ddarbyshire@nyahsa.org or 518-449-2707 ext. 162.