



BALCH & BINGHAM LLP

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HEALTHCARE BULLETIN

May 14, 2009

FTC CREATES IDENTITY THEFT PREVENTION PROGRAM TO HELP ENTITIES THAT HAVE A LOW RISK OF IDENTITY THEFT COMPLY WITH 'RED FLAGS' RULE

On May 13, 2009, the Federal Trade Commission (the "FTC") announced the creation of a "Create Your Own Identity Theft Prevention Program: A Guided 4-Step Process" (the "Program") to help creditors that have a low risk of identity theft in developing written identity theft prevention programs to comply with the Red Flags Rule.

An online template of the Program contains guidance and instructions from the FTC that enable creditors to complete several fill-in-the-blank questions and then print the Program. This template is available at: <http://www2.ftc.gov/bcp/edu/microsites/redflagsrule/index.shtml>.

What Does This Mean To You?

Our clients that already have implemented a Red Flags Identity Theft Prevention Program developed by Balch & Bingham, LLP, need not worry about reviewing the new FTC Program. You will be in compliance with the Red Flags Rule when it becomes effective, which is currently set to occur on August 1, 2009, as reported in the previous Balch & Bingham Healthcare Bulletin entitled *FTC Again Delays Enforcement of "Red Flags" Rule*.

Creditor entities that have not implemented a program to comply with the Red Flags Rule may wish to review the new FTC Program or to contact us regarding the Red Flags Identity Theft Prevention Program that we have developed. Such creditors should keep in mind that the FTC Program only applies to creditors that are at a low risk of identity theft. The agency does not explicitly define the term "low risk", but it does require each creditor to provide a written statement justifying why it is at a low risk for identity theft prior to actually creating a Program. Further, properly filling in the blanks for the FTC Program may take creditors a substantial amount of time and thought.

More detailed guidance from the FTC on the Red Flags Rule is available at: <http://www.ftc.gov/bcp/edu/pubs/business/alerts/alt050.shtm>.



Should you have any questions, please do not hesitate to contact one of our healthcare attorneys at the offices below.

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