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The electronic red flags

by Gil Van Over

So far in my discussion of the Red Flags Rule, I listed the potential red flags that the Feds suggest you should address in your final policy, as well as delineated the potential red flags that require a manual process. Today, I will discuss the potential red flags of identity theft that will require an electronic, or software, solution.

The red flags that will require an electronic solution are:

1. 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.
 - d. An account was closed for cause or identified for abuse of account privileges by a financial institution or creditor.
2. The Social Security Number (SSN) has not been issued, or is listed on the Social Security Administration's Death Master File.
3. Personal information provided is associated with known fraudulent activity. For example:
 - a. The address on an application is the same as the address provided on a fraudulent application.
 - b. The phone number on an application is the same as the number provided on a fraudulent application.
4. Personal information provided is of a type commonly associated with fraudulent activity. For example:
 - a. The address on an application is fictitious, a mail drop, or prison.
 - b. The phone number is invalid, or is associated with a pager or answering service.
5. The address, SSN, or home or cell phone number provided is the same as that submitted by other persons opening an account or other customers.
6. Personal information provided is not consistent with information that is on file.
7. An employee has accessed or downloaded an unusually large number of customer account records.

Next, we will talk about solutions.

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