

RESOLUTION NO. 2009-2

A RESOLUTION BY THE BOARD OF TRUSTEES OF THE TOWN OF HOLLY, COLORADO CONCERNING COMPLIANCE WITH IDENTITY THEFT PREVENTION

WHEREAS, as part of the Fair and Accurate Credit Transactions Act of 2003, the Federal Trade Commission (“FTC”) has issued regulations requiring financial institutions and creditors to develop and implement written identity theft prevention programs by November 1, 2008 (the “Red Flag Rules”); and

WHEREAS, the Town of Holly is a municipal utility provider, and, as such, is a “creditor” as defined in the Red Flag Rules; and

WHEREAS, pursuant to the Red Flag Rules, the Town must identify and detect relevant warning signs, describe responses to prevent and mitigate identity theft, detail a plan to update the program, and include appropriate training and oversight; and

WHEREAS, in compliance with the Red Flag Rules, the Town desires to create and adopt an appropriate identity theft prevention program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Town of Holly that:

1. The aforementioned recitals are hereby fully incorporated herein and adopted as findings and determinations by the Board of Trustees.
2. The Town of Holly’s Identity Theft Prevention Program, addressing its plan to prevent and mitigate identity theft in connection with a covered account and to provide for continued administration of the Program in compliance with the Red Flag Rules, is as follows:

Town of Holly, Colorado Identity Theft Prevention Program

A. Purpose

1. To establish an Identity Theft Prevention Program (the “Program”) designed to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or an existing covered account and to provide for continued administration of the Program in compliance with Part 681 of Title 16 of the Code of Federal Regulations implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (the “Red Flag Rules”).

B. Definitions

1. *Covered Account* means an account that a financial institution or creditor offers or maintains, primarily for personal, family, or household purposes that involves or is designed to permit multiple payments or transactions; or any other account that the financial institution or creditor offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the financial institution or creditor from identity theft, including financial, operational, compliance, reputation, or litigation risks.
2. *Identity Theft* means fraud committed or attempted using the identifying information of another person without authority.
3. *Red Flag* means a pattern, practice, or specific activity that indicates the possible existence of identity theft.

C. Identification of Red Flags

1. The Program shall consider risk factors and identify relevant red flags for covered accounts it offers or maintains and incorporate those red flags into the Program.
2. The following shall be considered Red Flags for the purposes of the Program.
 - a. Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services;
 - b. The presentation of suspicious documents;

- c. The presentation of suspicious personal identifying information;
- d. The unusual use of, or other suspicious activity related to, a covered account; and
- e. Notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts.

D. Detection of Red Flags

1. The Program shall address the detection of red flags in connection with the opening of covered accounts and existing covered accounts by the following actions.
 - a. Obtaining identifying information about, and verifying the identity of, a person opening a covered account; and
 - b. Authenticating customers, monitoring transactions, and verifying the validity of change of address requests in the case of existing covered accounts.

E. Response

1. The Program shall provide for appropriate responses, commensurate with the degree of risk posed, to red flags that have been detected in order to prevent and mitigate identity theft.
2. Appropriate responses may include any of the following:
 - a. Monitor a covered account for evidence of identity theft;
 - b. Contact the customer;
 - c. Change any passwords, security codes, or other security devices that permit access to a covered account;
 - d. Reopen a covered account with a new account number;
 - e. Not open a new covered account;
 - f. Close an existing covered account;
 - g. Notify law enforcement; or
 - h. Determine no response is warranted under the particular circumstances.

F. Program Updates

1. The Program shall be updated periodically to reflect changes in risks to customers or to the safety and soundness of the organization from identity theft.
2. Factors upon which the updates will be based include the following:
 - a. The experiences of the Town with identity theft;
 - b. Changes in methods of identity theft;
 - c. Changes in methods to detect, prevent, and mitigate identity theft;
 - d. Changes in the types of accounts that the Town offers or maintains;
 - e. Changes in the service provider arrangements of the Town.

G. Program Oversight

1. The Treasurer for the Town of Holly shall be responsible for the development, implementation, oversight, and continued administration of the Program.
2. The Program shall train staff, as necessary, to effectively implement the Program.
3. The Program shall exercise appropriate and effective oversight of service provider arrangements.

Based on the foregoing, the Board of Trustees of the Town of Holly hereby determines that the aforementioned plan constitutes an Identity Theft Prevention Program in satisfaction of the FTC's requirements in the Red Flag Rules. The Town of Holly Board of Trustees hereby approves the adoption of the foregoing Identity Theft Prevention Program.

PASSED AND APPROVED THIS 4th DAY OF MARCH, 2009.

ATTEST:

W. Bruce Roup, Mayor

Mary Rushton, Clerk/Treasurer