



**CREDCO**  
On-Demand

# Red Flag Solution *Overview*





## **CREDCO On-Demand** **Red Flag Solution Overview**

### **Presenter**



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*Cres Hay serves as a Senior Product Manager at First Advantage CREDCO where she manages fraud and compliance solutions for the Automotive and Mortgage divisions.*

*In her role, she works closely with the sales teams and customers to fully understand the ever-changing challenges they face, and to better help customers manage risks brought about by fraud and non-compliance.*





## **CREDCO On-Demand Red Flag Solution Overview**

### **Disclaimer**

**The information contained in this presentation is provided for educational purposes only and does not constitute legal advice. First Advantage CREDCO makes no claims, promises or guarantees about the accuracy, completeness, adequacy or applicability of the information contained herein. As legal advice must be tailored to the specific circumstances of each case, and laws are constantly changing, nothing provided herein should be used as a substitute for the advice of competent counsel.**





## **CREDCO On-Demand Red Flag Solution Overview**

### **Agenda**

- About the Red Flag Regulation
- Sections 315 and 114 of the FACT Act
- How First Advantage CREDCO Can Help
- CREDCO's Red Flag Solution
- CREDCO's Executive Summary
- CREDCO's Red Flag IQ Report





## **CREDCO On-Demand Red Flag Solution Overview**

### **Red Flags Rule Regulation**

#### **WHAT IT IS**

Implements Sections 315 and 114 of the FACT Act

- Section 315: Duties of users of consumer reports regarding address discrepancy
- Section 114: Duties of dealers in their capacity as a financial institution regarding the detection, prevention, and mitigation of identity theft

#### **WHEN IT IS REQUIRED**

- May 1, 2009 \*Extended to August 1, 2009

#### **IMPLICATIONS FOR NOT COMPLYING**

- Fines of \$2,500 per violation of the FCRA
- Fines up to \$11,000 per violation of the FTC Act
- Possible violation of state unfair and deceptive practices laws





## **CREDCO On-Demand Red Flag Solution Overview**

### **Section 315: Address Discrepancy Notices on Credit Reports**

#### **WHO DOES IT APPLY TO**

- Users of consumer credit reports

#### **WHAT THE REQUIREMENTS ARE**

- Form a reasonable belief that the credit report relates to the consumer
- Furnish the consumer's address to the CRA that provided the address discrepancy notice if ALL of the following conditions are met:
  1. Reasonable belief that the consumer report belongs to the consumer
  2. Establishes a continuing relationship with the consumer
  3. Regularly, and in the ordinary course of business, furnishes information to the CRA from which the notice came from





## CREDCO On-Demand Red Flag Solution Overview

# Section 114: ID Theft Detection, Prevention & Mitigation

### WHO DOES IT APPLY TO

- Financial institutions and creditors
  - Dealers, even those who sell their paper to finance companies, are affected because the rule applies to opening of a covered account.

### WHAT THE REQUIREMENTS ARE

- Implement a *written Identity Theft Prevention Program* that must include the following four elements:
  - **Identify** relevant identity Red Flags
  - **Detect** specific Red Flags included in the Program
  - **Respond** appropriately to detected Red Flags events
  - **Update** the Program periodically
- Provide continued administration of the Program
- Staff responsible for the Program should provide a report at least annually



## **CREDCO On-Demand Red Flag Solution Overview**

### **How First Advantage CREDCO Can Help**

CREDCO provides a Red Flag Solution that not only meets the Red Flag Regulation, but also protects dealers & consumers from identity theft.

#### **FEATURES**

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- **Automated detection of Red Flags** included in a dealer's Identity Theft Prevention Program
- **Easy integration** into a dealer's current processes
- **Single solution & connectivity**

#### **BENEFITS**

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- **Saves time** by helping dealers quickly detect Red Flags
- **Saves money** by protecting dealers from risks and the costs associated with identity theft and non-compliance
- **Allows dealers to focus on their core business**





## **CREDCO On-Demand Red Flag Solution Overview**

### **CREDCO's Red Flag Solution**

#### **WHAT IT IS**

- A suite of CREDCO products that allows you to quickly see the whole picture – from suspicious patterns of activity to victim statements to inconsistencies in the buyer's ID information
- Easily fits into your current process
- CREDCO's Red Flag Solution includes:
  1. Credit Report & Score
  2. OFAC Screening
  3. BuyerID Index



# The Red Flag Solution

1

```
-----  
REF:1-00288-10687-0000 01/01/2008      TID:1-00288-10687 01/01/2008 16:30:21  
CREDCO Instant Merge Credit Report      Acct: 7XX80  
Prepared for: INSTANT MERGE SAMPLE REPORT  Notes: NONE  
Requested: XPN - 1                       Delivered: XPN  
-----
```

2

```
Ap  
Cu  
Pr  
--  
-----  
REF:1-00288-10687-0000 01/01/2008      TID:1-00288-10687 01/01/2008 16:30:21  
OFAC Screening Report                   Acct: 12345  
Prepared for: Sample Report              Notes: CREDCO TEST FILE  
-----
```

3

```
App: CR  
Curr Ac  
Prev Ac  
-----  
AC  
Ac  
-----  
REF:1-00288-10687-0000 01/01/2008      TID:1-00288-10687 01/01/2008 16:30:21  
BuyerID Index Report                   Acct: 12345  
Prepared for: Sample Report              Notes: CREDCO TEST FILE  
-----  
Summary  
-----  
App: CREDCO, OTTO                        Dob: 03/01/64 Ssn: XXX-XX-2222  
Possibl  
Curr Addr: 2865 101ST AVE, PORTLAND, OR 97011  
Prev Addr: 123 EAGLE RCAD, TOMORROW, OR 58975  
-----  
Applice  
AV  
-----  
Search  
-----  
BuyerID Index Information:  
-----  
IN  
1. Match  
-----  
Enti  
Oto  
APP Score: 907  
Best  
Oto  
List  
-----  
SSN associated with suspected or confirmed fraud  
Unusual number of applications combining SSN with other identity elements  
Address is in a known high-risk area
```



## CREDCO On-Demand Red Flag Solution Overview

### CREDCO Executive Summary

#### WHAT IT IS

- At-a-glance summary of the key factors you review when structuring your customer's finance package
- Includes a summary of Red Flags detected with each applicant
- Automatically generated with each transaction at **no additional cost**





# CREDCO Executive Summary: Red Flag Section

## RED FLAG COMPLIANCE INFORMATION:

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Warning: Possible Red Flags detected. Further verification recommended.

- 1** CONSUMER ALERTS: See Credit Report.
  1. FACT Act: Fraud Alert present
  
- 2** IDENTITY DATA INPUT VARIATION: See Credit Report.
  1. Variation between input address and onfile address
  
- 3** IDENTITY DATA ALERTS: See BuyerID Index.
  1. SSN associated with suspected or confirmed fraud
  2. Address is in a known high-risk area
  
- 4** OFAC INFORMATION: See OFAC Screening Report.
  1. Possible OFAC matches found
  
- 5** OTHER INFORMATION: See Credit Report.
  1. 40 Inquiry(s)/180 days
  2. 10 New account(s)/180 days
  3. 7 Authorized user account(s)/9 accounts



## CREDCO On-Demand Red Flag Solution Overview

### Red Flag IQ Report

#### WHAT IT IS

- A monthly report that summarizes Red Flags or potential fraud activity over the prior two months
- Included with the Red Flag Solution at **no additional cost**
- Available the 15<sup>th</sup> of every month in PDF format through the CREDCO Service Center at [www.CREDCOservices.com](http://www.CREDCOservices.com).

# Red Flag IQ Report



## Red Flag IQ Report System Company

Account # TEST  
June 2008

Prepared by:  
First Advantage CREDCO  
12395 First American Way, Poway, CA 92064  
Tel: (800) 894-1414 Fax: (619) 938-7007  
www.CREDCOservices.com

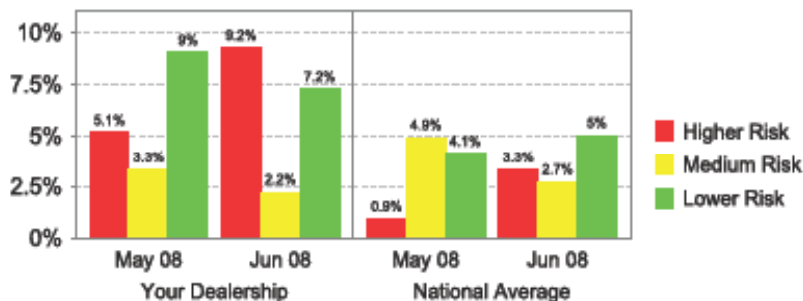
### Summary of Report Activity

	May 08	Jun 08
Number of Reports	55	88
Number of Consumers (incl. Co-Applicants)	18	2

### Breakdown of Red Flag Activity

Consumers' BuyerID Index Score Ranges	May 08	Jun 08
Higher Risk: 801-999	14	2
Medium Risk: 451-800	5	2
Lower Risk: 001-450	8	14
	25	29

### Your Dealership and the National Average

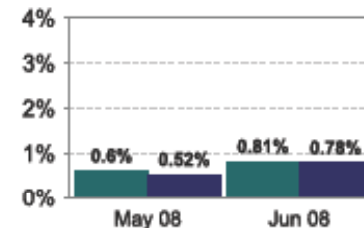


Top Five Reasons for Higher Risk Consumers	May 08	Jun 08
SSN linked to unusual number of addresses	--	22
SSN linked to unusual number of home phone numbers	--	16
Combination of address with other identity elements is generally associated with risk	--	11
Unusual number of historic applications using address	--	10

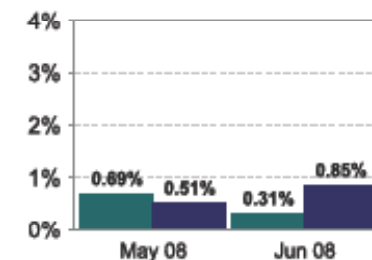
Consumers with Identity Data Input Variation Alerts	May 08	Jun 08
Name Variation	6	12
Address Variation	12	25
SSN Variation	11	2
Date of Birth Variation	18	18
	47	57

Consumer-Provided Alerts – Fraud, Security and/or Active Duty	May 08	Jun 08
Fraud Victim Alert <sup>1</sup>	18	15
Security Alert <sup>2</sup>	20	8
Active Duty Alert	2	18
Fraud Victim, Active Duty Alerts	19	1
Active Duty, Security Alerts	6	21
Fraud Victim, Security Alerts	15	14
Fraud Victim, Active Duty, Security Alerts	11	4
	89	81

### Consumer - Provided Alerts Comparison



### OFAC Alerts Comparison



■ Your Dealership ■ National Average

Consumers with OFAC Alerts	May 08	Jun 08
Possible OFAC Matches	1	3



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*Thank You!*

## ON DEMAND MATERIALS

- [www.CREDCOservices.com/RedFlag](http://www.CREDCOservices.com/RedFlag)
- Download Presentation & View Slides
- Product Information & Sample Report

## CONTACT US

- (866) 231-3191
- [BuyerID@fadv.com](mailto:BuyerID@fadv.com)

