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Compliance Product Aims to Combat ID Theft

San Diego (March 25, 2008)
By WebCPA staff

Software developer Compliance Coach introduced CompliancePal, a product intended to help businesses comply with new rules for safeguarding against identity theft.

The Fair and Accurate Credit Transactions Act's identity theft red flags rule requires financial institutions, creditors and lenders, including tax preparers who provide refund anticipation loans, to develop and implement an identity theft prevention program for new and existing accounts. Businesses have to identify all of the accounts covered by the rule; perform a risk assessment of each account; identify red flags for each account; map each red flag to appropriate detection and response procedures; develop a written program and obtain approval from the board of directors; provide training to appropriate employees; monitor for new identity theft red flags and new risks; make appropriate changes in procedures and update the program; and provide a compliance status report at least annually.



The Web-based CompliancePal software walks the user through a series of questions and produces the required risk assessment, maps red flags to appropriate detection and response procedures, and creates the written program, training materials and compliance status report. CompliancePal is also updated regularly for new identity theft schemes and red flags.

The deadline for compliance is Nov. 1, 2008. "[Companies] must put together a written training program, and they've got to monitor for new risks if there are new trends," said Compliance Coach CEO Sai Huda. "They've got to do a status report and report that up the chain of command."

Failing to comply entails risks of up to \$2,500 for each violation, he noted. While the rules are mainly aimed at financial institutions, credit unions and lenders, they can also apply to tax preparers and accountants. "It's a good thing for accountants to be aware of if their clients could be affected," said Huda. The service costs between \$295 and \$995 per year, depending on the size of the business. For more information, visit www.compliancecoach.com

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