



Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

CRFS Overview

The Certified Red Flag Specialist™ (CRFS) program is designed by Identity Management Institute (IMI) to train employees, consultants and auditors of companies affected by identity theft and related fraud risks and validate their identity theft prevention and compliance knowledge through an independent examination and annual certification process. CRFS is the first identity theft prevention certification program developed and offered by a global organization recognized for identity risk management education, training and certification in alignment with the US Red Flags Rule.

About Red Flags Rule

On October 31, 2007, a joint committee of the OCC, Federal Reserve Board, FDIC, OTS, National Credit Union Administration (NCUA) and the Federal Trade Commission (FTC) passed the final legislation for Section 114 of the Fair and Accurate Credit Transactions Act of 2003 (FACTA), also known as the Identity Theft Red Flags and Notices of Address Discrepancy or "Red Flags Rule". The Rule requires that all organizations subject to the legislation must *develop and implement a formal, written and updated Identity Theft Prevention Program (Program) to detect, prevent and mitigate identity theft.*

The final rule became effective on January 1, 2008 and all covered entities had to be compliant with the Rule by November 1, 2008. The FTC enforcement date is effective January 1st, 2011.

Who must comply with the Red Flags Rule

The Red Flags Rule applies to *financial institutions and creditors with covered accounts. A financial institution is defined as a state or national bank, a state or federal savings and loan association, a mutual savings bank, a state or federal credit union, or any other entity that holds a transaction account belonging to a consumer.* Most of these institutions are regulated by the Federal bank regulatory agencies and the NCUA. Financial institutions under the FTC's jurisdiction include state-chartered credit unions and certain other entities that hold consumer transaction accounts.



Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

Creditors include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they are also considered creditors. Most creditors, except for those regulated by the Federal bank regulatory agencies and the NCUA, come under the jurisdiction of the FTC.

Definitions

A transaction account is a deposit or other account from which the owner makes payments or transfers. Transaction accounts include checking accounts, negotiable order of withdrawal accounts, savings deposits subject to automatic transfers, and share draft accounts.

A creditor is any entity that regularly extends, renews, or continues credit; any entity that regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who is involved in the decision to extend, renew, or continue credit. Accepting credit cards as a form of payment does not make an entity a creditor.

A covered account is an account used mostly for personal, family, or household purposes, which involves multiple payments or transactions. Covered accounts include credit card accounts, mortgage loans, automobile loans, margin accounts, cell phone accounts, utility accounts, checking accounts, and savings accounts. A covered account is also an account for which there is a foreseeable risk of identity theft such as small business or sole proprietorship accounts.

Red Flag Program Clarification Act of 2010

Following Senate approval of the bill, the House also passed the "Red Flag Program Clarification Act of 2010" on 12/7/2010 which was subsequently approved by the President of the United States to exclude certain entities from the covered entities under the Red Flags rules.

The Clarification Act includes the following language regarding the definition of a creditor as one that regularly and in the ordinary course of business:



Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

- Obtains or uses consumer reports, directly or indirectly, in connection with a credit transaction,
- Furnishes information to consumer reporting agencies in connection with a credit transaction, and
- Advances funds to or on behalf of a person, based on an obligation of the person to repay the funds or repayable from specific property pledged by or on behalf of the person. This excludes creditors who advance funds on behalf of a person for expenses incidental to a service provided by the creditor to that person.

Who should become a CRFS

Many individuals contribute to a company's identity theft prevention and compliance efforts either directly or indirectly who must consider becoming a Certified Red Flag Specialist™ (CRFS). Such professionals include oversight members, managers, employees, consultants, examiners and auditors of high risk organizations including financial institutions and creditors as defined by the Red Flags Rule. Operations staff who must stop identity theft as it occurs may be the weakest link in the battle against identity theft and must be given special attention with proper training in order to ensure they follow the established policies and procedures to prevent identity theft.

Why become a CRFS

Any company concerned with the consequences of identity theft must employ trained staff dedicated to identity theft prevention. As such, companies must train key staff to develop, implement and maintain an effective Identity Theft Prevention Program to prevent, detect and mitigate identity theft as it occurs. Such professionals must obtain continuing education and renew their certification to ensure they stay current with the latest identity theft threats, solutions and laws.

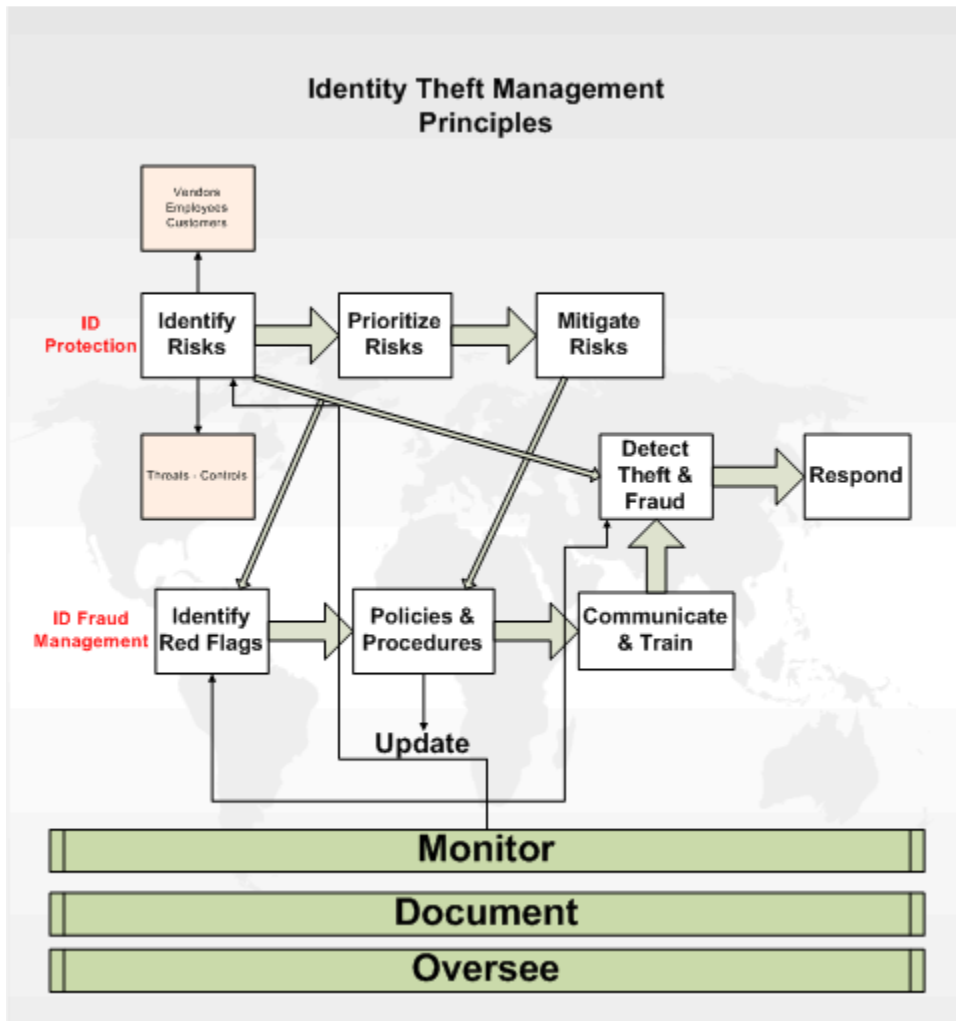
A Certified Red Flag Specialist™ (CRFS) designation demonstrates that an individual is familiar with the latest identity theft threats, solutions and laws, and knows how to develop, maintain and support a program to effectively prevent, detect and mitigate identity theft within an organization.

**Certified Red Flag Specialist™ (CRFS)
Program Overview & Curriculum**

CRFS™

Identity Theft Management Framework

Identity Management Institute developed the following identity theft management framework which is used for managing the CRFS program and identity theft risks in companies:





Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

Critical Risk Domains (CRD)

The Certified Red Flag Specialist™ (CRFS) Critical Risk Domains (CRD) are areas defined by IMI to a) identify the knowledge areas that a CRFS must possess in order to effectively develop, implement and maintain an Identity Theft Prevention Program, and b) test the candidate's understanding of Red Flags Rule and knowledge of preventive, detective and corrective controls necessary for effectively managing identity theft risks. The CRFS CRDs described below are aligned with the Red Flags Rule and used for training and certifying candidates:

1. REGULATION
2. PROGRAM ADMINISTRATION
3. RISK ASSESSMENT
4. RED FLAGS
5. PROGRAM MANAGEMENT

Regulation: The regulatory requirements must be fully understood in order to effectively manage the identity theft risks facing an organization and its customers through an Identity Theft Prevention Program. The Red Flags Rule specifically addresses risk assessments, red flag management, as well as Program administration and management.

Other identity theft or privacy related regulations must also be identified and understood in order to avoid any gap in the identity theft risk management process. For example, such laws may pertain to consumer notification after identity theft is detected, suspicious activity reporting, fraud alert and debt collection practices. These CRFS program components complement the Red Flags Rule requirements to ensure a complete coverage in the identity theft risk management process.

Program Administration: The identity theft prevention program must be properly administered to establish approval and oversight, scope, objectives, responsibilities, reporting and timing. Program administration must specify plans for periodic updates, be approved by the Board of Directors (BOD), a committee of the BOD, or senior management, and address appropriate staff training as well as service provider oversight.

Risk Assessment: An initial risk assessment must be completed by the CRFS to identify whether the company is a covered entity and perform subsequent risk assessments to



Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

identify how identity theft might occur within the organization. Although regulations identify certain red flags which need to be addressed, each company must identify identity theft red flags within its own operations based on a comprehensive risk assessment. Subsequent risk assessments are necessary to ensure the Program is updated periodically and reflects changes in identity theft risks facing financial institutions, creditors and their customers.

Red Flags: Upon discovery of all identity theft red flags in the risk assessment process, a CRFS must develop the necessary policies and procedures to prevent, detect and respond to red flags.

Program Management: This section relates to the execution of the Program which ensures established plans, policies and procedures are followed for effectively identifying, detecting, and preventing identity theft in action. Employee training and services provider management are also addressed when managing the Program.

Note: lessons learned from ongoing operations is part of a comprehensive Program risk management process which must be analyzed, reflected in the Program updates, and communicated to all appropriate staff.

Certification Requirements

The CRFS designation can be obtained through a formal training and examination. Exam training may be completed individually with a self study course or group training administered by IMI. The basic requirements for becoming a CRFS include 1) be a member of the Identity Management Institute, and 2) successfully pass the exam.

Note: The IMI membership application may be submitted simultaneously with the exam application if an applicant is not currently a member.

Exam Format

The exam is offered and taken by candidates online. The exam can also be administered onsite following group training. The exam includes 100 multiple choice questions and results are communicated to candidates as “pass” or “fail” within 4 weeks following the completion and successful submission of the examination. 70 questions or more must be



Certified Red Flag Specialist™ (CRFS) Program Overview & Curriculum

CRFS™

answered correctly within the allocated timeframe in order to pass the exam and there is no penalty for guessing.

Application Process

CRFS application can be downloaded from www.theimi.org and submitted to IMI via fax, email or regular mail. Application fees may be paid by check along with the application or by credit and debit cards. Candidates will receive a credit/debit card payment request after applications are received and accepted by IMI. Once payment is received, the CRFS study guide will be emailed to exam candidates who will have up to one year to study and prepare for the exam. When a candidate is ready to take the exam, an email request to take the exam must be sent to info@theimi.org. Upon receipt of the exam request, the link to the online exam along with the access pass code is sent to the candidate for taking the exam.

Exam Cost

The CRFS exam costs \$295 for IMI members which also includes the self-study guide. The membership application fees are \$95 for new members. Please refer to the IMI website at www.theimi.org for information regarding CRFS examination and membership.

CRFS Certification Maintenance

To maintain certification, Certified Red Flag Specialist™ (CRFS) professionals must submit annual membership dues of \$95 to retain their active member status each year and obtain 60 hours of professional training every three years.