

Identity Theft Prevention Program Red Flag Guidelines - Campus Partners

Summary:

The Financial Institution Regulators, including the Federal Trade Commission (FTC), have issued a final rule (the “Red Flag Rule”) under sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA), which amended the Fair Credit Reporting Act (FCRA). The Red Flag Rule requires “financial institutions” and “creditors” that hold “covered accounts” to develop and implement an identity theft prevention program for new and existing accounts. The Red Flag Rule also addresses service provider arrangements. Guidelines issued under the Red Flag Rule make it clear that a service provider such as Campus Partners that provides services to multiple financial institutions and creditors may have its own program to prevent identity theft so long as it meets the requirements of the rule.

Campus Partners takes the possibility of identity theft seriously and, in full compliance with the Red Flag Rule, has developed and implemented an Identity Theft Prevention Program.

Risk Assessment:

Campus Partners’ executive management staff, working together with our legal counsel, has conducted a risk assessment to determine where the potential lies for risk in the different areas of our operations.

Risk Factors:

Financial Risks with Respect to Identity Theft - Private Loans: We have identified the following risks for the Private Loan Programs that are originated by Campus Partners:

1. The applicant attempts to secure loan funds using another individual’s identity.
2. The applicant attempts to secure loan funds with fraudulent income verification and/or fraudulent school certification.
3. The applicant attempts to secure loan funds and provides information about a co-signer without that person’s knowledge or consent.
4. A co-signer applies for loan funds using the identity of a primary applicant without that person’s knowledge or consent.

Many of these risks are addressed by Campus Partners’ previously approved Customer Identification Program, which is incorporated into our Identity Theft prevention Program.

Financial Risks with Respect to Identity Theft – Campus-Based Federal Loans and Institutional Loans – Campus Partners does not arrange for the extension, renewal, or continuation of credit with respect to Campus-Based federal loans (including Federal Perkins Program Loans) and institutional loans it services. The Red Flag Rule does not generally apply to the servicing activities performed on these loans. All loans are funded prior to the boarding of loans on our servicing system

Operational and Reputation Risks:

1. Access to Account Information by Third Parties – For all loan programs serviced by Campus Partners, Campus Partners has incorporated a program to authenticate borrowers into its procedures to prevent unauthorized access to account information. This applies to access through our Interactive Voice Response system (IVR), our borrower web site (mycampusloan.com), by calling and speaking with a representative, or through written correspondence.
2. Access to Account Information by Campus Partners' Staff - Our Human Resources department conducts a criminal background check on all new personnel. New employees are required to attend Security Awareness training conducted by our Chief Security Officer. All employees are counseled about the confidential nature of the information, our clear desk policy, Internet security and usage, and other company confidentiality policies and procedures. Employees are required to sign a non-disclosure agreement as a condition of employment.

Red Flags

Based on these identity theft risks, Campus Partners has developed Red Flags which serve as indicators of possible identity theft. Our Identity Theft Prevention Program describes how we detect the presence of these Red Flags and how we respond to detected Red Flags in order to mitigate identity theft.