

## IDENTITY THEFT PREVENTION POLICY

### PURPOSE

To establish an Identity Theft Prevention Policy 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 policy 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 (FACTA) of 2003.

### DEFINITIONS

Identify Theft means fraud or attempted using the identifying information of another person without authority.

### A COVERED ACCOUNT MEANS

1. 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. Covered accounts include credit card accounts, checking accounts and savings accounts; and
2. 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.

A red flag means a pattern, practice or specific activity that indicates the possible existence of identity theft.

### THE POLICY

Town of Glover established an Identity Theft Prevention Policy to detect, prevent and mitigate identity theft.

The Policy shall include reasonable policies and procedures to:

1. Identify relevant red flags for covered accounts it offers or maintains and incorporate those red flags into the Policy;
2. Detect red flags that have been incorporated into the Policy;
3. Respond appropriately to any red flags that are detected to prevent and mitigate identify theft; and
4. Ensure the Policy is updated periodically to reflect changes in risks to customers and to the safety and soundness of the creditor from identity theft.

The Policy shall, as appropriate, incorporate existing policies and procedures that control reasonable foreseeable risks.

### ADMINISTRATION OF PROGRAM

1. Glover Select Board, an appropriate committee of the Select Board, or a designated employee at the level of senior management shall be responsible for the development, implementation, oversight and continued administration of the policy.

2. The policy shall train staff, as necessary, to effectively implement the policy; and
3. The policy shall exercise appropriate and effective oversight of service provider arrangements.

#### IDENTIFICATION OF RELEVANT RED FLAGS

1. The policy shall include relevant red flags from the following categories as appropriate:
  - 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 identify theft in connections with covered accounts.
2. The policy shall consider the following risk factors in identifying relevant red flags for covered accounts as appropriate:
  - a. The types of covered accounts offered or maintained;
  - b. The methods provided to open covered accounts;
  - c. The methods provided to access covered accounts; and
  - D. its previous experience with identity theft.
3. The policy shall incorporate relevant red flags from sources such as:
  - a. Incidents of identity theft previously experienced;
  - b. Methods of identity theft that reflect changes in risk; and
  - c. Applicable supervisory guidance.

#### DETECTION OF RED FLAGS

The policy shall address the detection of red flags in connection with the opening of covered accounts and existing covered accounts, such as by:

1. Obtaining identifying information about, and verifying the identity of, a person opening a covered account; and
2. Authenticating customers, monitoring transactions, and verifying the validity of change of address requests in the case of existing covered accounts.

#### RESPONSE

The policy shall provide for appropriate responses to detected red flags to prevent and mitigate identity theft. The response shall be commensurate with the degree of risk posed. Appropriate responses may include:

1. Monitor a covered account for evidence of identity theft;
2. Contact the customer;
3. Change any passwords, security codes or other security devices that permit access to a covered account;
4. Reopen a covered account with a new account number;
5. Not open a new covered account;
6. Close an existing covered account;
7. Notify law enforcement; or
8. Determine no response is warranted under the particular circumstances.

#### UPDATING THE POLICY

The policy shall be updated periodically to reflect changes in risks to customers or to the safety and soundness of the organization from the identity theft based on factors such as:

1. The experiences of the organization with identity theft;
2. Changes in methods of identity theft;
3. Changes in methods to detect prevent and mitigate identity theft;
4. Changes in the types of accounts that the organization offers or maintains;
5. Changes in the business arrangements of the organization, including mergers, acquisitions, alliances, joint ventures and services provider arrangements.

#### OVERSIGHT OF THE PROGRAM

1. Oversight of the policy shall include:
  - a. Assignment of specific responsibility for implementation of the policy;
  - b. Review of reports prepared by staff regarding compliance; and
  - c. Approval of material changes to the Program as necessary to address changing risks

of

Identity theft.

2. Reports shall be prepared as follows:
  - a. Staff responsible for development, implementation and administration of the policy shall report to the Select Board at least annually on compliance by the organization with the policy.
  - b. The report shall address material matters related to the policy and evaluate issues such as:
    1. The effectiveness of the policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing accounts;
    2. Service provider agreements;
    3. Significant incidents involving identity theft and management's response; and
    4. Recommendations for material changes to the policy.

#### OVERSIGHT OF SERVICE PROVIDER ARRANGEMENTS

The Select Board shall take steps to ensure that the activity of a service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft whenever the organization engages a service provider to perform an activity in connection with one or more covered accounts.

#### DUTIES REGARDING ADDRESS DISCREPANCIES

The Town of Glover shall develop policies and procedures designed to enable the organization to form a reasonable belief that a credit report relates to the consumer for whom it was requested if the Town receives a notice of address discrepancy from a nationwide consumer reporting agency indicating the address given by the consumer differs from the address contained in the consumer report.

The Town may reasonable confirm that an address is accurate by any of the following means.

1. Verification of the address with the consumer;
2. Review of the organization's records;
3. Verification of the address through third-party sources; or
4. Other reasonable means.

If an accurate address is confirmed, the Town shall furnish the consumer's address to the nationwide consumer reporting agency from which it received the notice of address discrepancy if:

1. The Town establishes a continuing relationships with the consumer; and
2. The Town, regularly and in the ordinary course of business, furnishes information to the consumer reporting agency.

The foregoing Policy is hereby adopted by the Glover Select Board this 3rd day of September 2009 and is effective as of this day until amended or repealed.

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Jason Choquette, Chairman

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Tara Nelson

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Harold Shelton