

# **MORA-SAN MIGUEL ELECTRIC COOPERATIVE, INC. IDENTITY THEFT RED FLAG PREVENTION POLICY**

## **BOARD POLICY NO. 126 New Policy**

### **I. POLICY SUMMARY**

It shall be the policy of Mora-San Miguel Electric, to take all reasonable steps to identify, detect, and prevent the theft of its members' personal information – commonly known as Identity Theft. In order to carry out that policy, Mora-San Miguel Electric, hereby adopts the following policy for identifying and detecting Red Flags that should raise concerns for the Cooperative that a member's information is potentially being misused or stolen.

### **II. DEFINITIONS**

The term "Red Flag" means a pattern, practice or specific activity that indicates the possible existence of Identity Theft.

The term "Identity Theft" means a fraud committed or attempted using the identifying information of another person without authority.

The term "identifying information" means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, Social Security Number, date of birth, official State or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number or address.

### **III. POLICY RATIONALE**

Under federal law and regulations, Mora-San Miguel Electric Cooperative, Inc is required to adopt an Identity Theft Red Flag Prevention policy no later than October 1, 2008. The policy must be implemented no later than the compliance deadline of November 1, 2008. This is required under the Federal Trade Commission ("FTC") regulations at 16 C.F.R. § 681.2 *et seq.*

### **IV. IDENTIFICATION OF ACCOUNTS SUBJECT TO RED FLAG POLICY**

Mora-San Miguel Electric Cooperative, Inc maintains accounts for its members that allows the members to pay for service after it has been rendered. Bills are sent and payments are due on a monthly basis. These accounts are covered by this Red Flag policy.

## V. IDENTIFICATION OF POTENTIAL RED FLAGS

A. **Risk Factors.** In identifying potential Red Flags associated with the accounts that Mora-San Miguel Electric Cooperative, Inc maintains, the Board of Directors and management have considered the following Identity Theft risk factors:

1. Types of Covered Accounts. Mora-San Miguel Electric Cooperative, Inc is an electric cooperative serving rural New Mexico, providing its members with electric utility service. Mora-San Miguel Electric Cooperative's turnover in members is low, as is the number of address change requests received from members. Payments from members for services rendered are due within twenty (20) days of billing. Mora-San Miguel Electric Cooperative, Inc does not provide credit to its members beyond this revolving, monthly account for utility service. Such service is rendered at a fixed physical location known to Mora-San Miguel Electric Cooperative, Inc.

2. Methods for Opening Accounts. Mora-San Miguel Electric Cooperative, Inc requires that prospective members who wish to receive utility service submit a membership application with the following information: (1) contact and billing information; and (2) Social Security Number or Tax Identification Number. **The applicant must also present to the Cooperative's Representative a valid Government issued photo identification as proof of identity.**

3. Methods for Accessing Accounts. Mora-San Miguel Electric Cooperative, Inc allows members to access information related to their accounts using the following methods, or plans to allow such access in the near future:

(a) in person at Mora-San Miguel Electric Cooperative's offices with a picture identification;

(b) over the telephone after providing Mora-San Miguel Electric Cooperative's Representative with certain identifying information, such as the callers service location, account number and meter number and/or mailing address.

4. Previous Experience with Identity Theft. Mora-San Miguel Electric Cooperative, Inc is not aware of any security breach of or unauthorized access to its systems that are used to store members' personal identifying information. Given the limited amount and types of services and credit provided to its members, the small size of the population it serves, and the relatively low rate of change in membership, coupled with the utility's policies for securing members' personal information, Mora-San Miguel Electric Cooperative, Inc believes the risk of its members being the subject of Identity Theft through the information collected by Mora-San Miguel Electric Cooperative, Inc to be low.

B. **Sources of Red Flags.** In identifying potential Red Flags associated with the accounts that Mora-San Miguel Electric Cooperative, Inc maintains, Mora Electric Cooperative's

Board of Directors and management have considered the following sources of Red Flags for Identity Theft:

1. Past Incidents of Identity Theft. Mora-San Miguel Electric Cooperative, Inc is not aware of any security breach of or unauthorized access to its systems that are used to store members' personal identifying information collected by the utility. In the event of incidents of Identity Theft in the future, such incidents shall be used to identify additional Red Flags and added to this policy.

2. Identified Changes in Identity Theft Risk. As provided in Section VIII below, Mora-San Miguel Electric Cooperative, Inc will at least annually review this policy, the utility's operations and the utility's experience with Identity Theft for changes in Identity Theft risk.

3. Applicable Supervisory Guidance. In addition to considering the guidelines initially published with the FTC's Red Flag regulations, as a part of its annual review, Mora-San Miguel Electric Cooperative, Inc will review additional regulatory guidance from the FTC and other consumer protection authorities.

**C. Categories of Red Flags.** In identifying potential Red Flags associated with the accounts that Mora-San Miguel Electric Cooperative, Inc maintains, Mora-San Miguel Electric Cooperative's Board of Directors and management have considered the following categories of Red Flags for Identity Theft:

1. Alerts, Notifications, and Warnings. Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services can be Red Flags for Identity Theft. Such alerts, notifications and warnings include:

(a) A fraud or active duty alert is included in a consumer report.

(b) A consumer reporting agency provides a notice of credit freeze in response to a request for a consumer report.

(c) A consumer reporting agency provides a notice of address discrepancy.

(d) A consumer report indicates a pattern of activity that is inconsistent with the history and usual pattern of activity of an applicant or member, such as:

(1) A recent and significant increase in the volume of inquiries;

(2) An unusual number of recently established credit relationships;

(3) A material change in the use of credit, especially with respect to recently established credit relationships; or

(4) An account that was closed for cause or identified for abuse of account privileges.

Mora-San Miguel Electric Cooperative, Inc does not generally apply for or receive consumer reports related to its members. For this reason, Mora-San Miguel Electric Cooperative, Inc does not anticipate receiving any consumer reports that might alert it to potential Identity Theft related to a member. However, if Mora-San Miguel Electric Cooperative, Inc does receive such a report, it will be considered to be a Red Flag.

In the event a consumer report indicates an information discrepancy, it shall be the policy of Mora-San Miguel Electric Cooperative, Inc to report any such information to management for further review and verification of the potential member's information, including verifying identification in person at the utility's offices. It shall further be the policy of Mora-San Miguel Electric Cooperative, Inc to train its Member Service Representatives to look for unusual activity when reviewing member accounts for service. Should there be unusually high number of inquiries on a particular member account, a Cooperative Representative shall report such activity to supervisors for further review and inquiry.

2. Suspicious Documents. The presentation of suspicious documents can be a Red Flag for Identity Theft. Suspicious documents include:

(a) Documents provided for identification that appear to have been altered or forged.

(b) The photograph or physical description on the identification is not consistent with the appearance of the applicant or member presenting the identification.

(c) Other information on the identification is not consistent with information provided by the person opening a new account or member presenting the identification.

(d) Other information on the identification is not consistent with readily accessible information that is on file with Mora-San Miguel Electric Cooperative, Inc, such as a membership application card.

(e) An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

Member Service Representatives and other personnel of Mora-San Miguel Electric Cooperative, Inc shall report to management when it appears that account documents have been altered or forged when compared to other documents in a member's file. It shall also be brought to management's attention immediately if any member presents an invalid identification, or identification that appears forged for the purpose of obtaining access to account information.

3. Suspicious Personal Identifying Information. The presentation of suspicious personal identifying information, such as a suspicious address change, can be a Red Flag for Identity Theft. Presentation of suspicious information occurs when:

(a) Personal identifying information provided is inconsistent when compared against external information sources used by Mora-San Miguel Electric Cooperative, Inc. For example:

(1) The address does not match any address in the consumer report; or

(2) The Social Security Number has not been issued, or is listed on the Social Security Administration's Death Master File.

(b) Personal identifying information provided by the member is not consistent with other personal identifying information provided by the member. For example, there is a lack of correlation between the Social Security Number range and date of birth.

(c) Personal identifying information provided is associated with known fraudulent activity as indicated by internal or third-party sources used by Mora-San Miguel Electric Cooperative, Inc, for example:

(1) The address on an application is the same as the address provided on a fraudulent application; or

(2) The phone number on an application is the same as the number provided on a fraudulent application.

(d) Personal identifying information provided is of a type commonly associated with fraudulent activity as indicated by internal or third-party sources used by Mora-San Miguel Electric Cooperative, Inc. For example:

(1) The address on an application is fictitious, a mail drop, or a prison; or

(2) The phone number is invalid, or is associated with a pager or answering service.

(e) The Social Security Number provided is the same as that submitted by other persons opening an account or other members.

(f) The address or telephone number provided is the same as or similar to the account number or telephone number submitted by an unusually large number of other persons opening accounts or other members.

(g) The person opening the covered account or the member fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.

(h) Personal identifying information provided is not consistent with personal identifying information that is on file with Mora-San Miguel Electric Cooperative, Inc.

Mora-San Miguel Electric Cooperative, Inc shall provide members access to their account information in person at the utility's offices only after verifying the member's identity through photo identification. Access to member account information via telephone or internet shall require the member to verify his or her identity using information that would only be known to the member as reflected in the member's account. Member Service Representatives shall be trained to make note in a member's file when there is a lack of correlation between information provided by a member and information contained in a file for the purposes of gaining access to account information. Mora-San Miguel Electric Cooperative, Inc is not to provide account information without first clearing any discrepancies in the information provided.

4. Suspicious Activity. The unusual use of, or other suspicious activity related to, a member account is also a Red Flag for potential Identity Theft. Suspicious activities include:

(a) Shortly following the notice of a change of address for a member account, Mora-San Miguel Electric Cooperative, Inc receives a request for the addition of authorized users on the account.

(b) Mail sent to the member is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the member's covered account.

(c) Mora-San Miguel Electric Cooperative, Inc is notified that the member is not receiving paper account statements.

(g) Mora-San Miguel Electric Cooperative, Inc is notified of unauthorized charges or transactions in connection with the member's account.

Representatives shall be trained to note unusual use of accounts, or suspicious activities related to accounts. It shall further be the policy of Mora-San Miguel Electric Cooperative, Inc to never provide Social Security Numbers or Tax Identification Numbers to members, either verbally or in writing, even where a member is asking for their own information. Representatives shall immediately notify management, who will conduct further reasonable inquiry, when a member requests such information. It shall be the policy of Mora-San Miguel Electric Cooperative, Inc to train its Representatives to look for unusual activity when reviewing member accounts for service. Representatives shall also notify management when there are an unusually high number of inquiries on an account, coupled with a lack of correlation in the information provided by the member.

5. Notices. Notice from members, victims of Identity Theft, law enforcement authorities, or other persons regarding possible Identity Theft in connection with member accounts can also be a Red Flag for Identity Theft.

Upon notice from a member, law enforcement authority, or other persons that one of its members may be a victim of Identity Theft, Mora-San Miguel Electric Cooperative, Inc shall contact the member directly in order to determine what steps may be necessary to protect any member information in the possession of Mora-San Miguel Electric Cooperative, Inc. Such steps may include, but not be limited to, setting up a new account for the member with additional identifying information that may be identified only by the member, in order to protect the integrity of the member's account.

## **VI. DETECTING RED FLAGS**

A. It shall be the policy of Mora-San Miguel Electric Cooperative, Inc to obtain identifying information about, and verify the identity of, a person opening an account. Mora-San Miguel Electric Cooperative, Inc will obtain the member's name and Social Security Number or Tax Identification Number to open a new account. It shall be the policy of Mora-San Miguel Electric Cooperative, Inc to never provide Social Security Numbers or Tax Identification Numbers to members, either verbally or in writing, even where a member is asking for their own information.

B. It shall be the policy of Mora-San Miguel Electric Cooperative, Inc to authenticate members and customers, monitor transactions and verify the validity of change of address requests, in the case of existing accounts.

## **VII. PREVENTING AND MITIGATING IDENTIFY THEFT**

A. If Mora-San Miguel Electric Cooperative, Inc discovers that any of its members have become a victim of Identity Theft through personal information used by the utility in opening or maintaining a member's account, management shall take appropriate steps that it deems necessary to mitigate the impacts of such Identity Theft. These steps may include, but are not limited to:

1. Monitoring an account for evidence of Identity Theft;
2. Contacting the member;
3. Changing any passwords, security codes, or other security devices that permit access to an account;
4. Reopening an account with a new account number;
5. Closing an existing account;

6. Not attempting to collect on an account;
7. Notifying the member;
8. Notifying law enforcement; or
9. Determining that no response is warranted under the particular circumstances.

B. Mora-San Miguel Electric Cooperative, Inc has a business relationship with a third party contractor for billing and financial software services. Under this business relationship, the third party contractor has access to member information covered under this Policy. The General Manager shall ensure that the third party contractor's work for the utility is consistent with this policy by (a) amending the contract to incorporate these requirements; or (b) by determining that the third party contractor has reasonable alternative safeguards that provide the same or a greater level of protection for member information as provided by the utility.

### **VIII. Updating and Administering the Policy**

A. Mora-San Miguel Electric Cooperative, Inc shall consider updates at least annually to determine whether it has experienced any Identity Theft of its members' accounts, whether changes in the methods of Identity Theft require updating to this Policy, or whether changes are necessary to detect, prevent, and mitigate Identity Theft. Mora-San Miguel Electric Cooperative's management will continue to monitor changes in methods of Identity Theft, and re-evaluate this Policy in light of those changes. Management believes that review of such changes on no more than an annual basis is necessary.

B. Administration of the Policy shall be as follows:

1. The Board of Directors has adopted this Policy and will have ultimate oversight of this Policy, but the Policy shall be managed by the General Manager of Mora-San Miguel Electric Cooperative, Inc. The General Manager shall have authority to delegate oversight and compliance to other individuals at the senior level management level. The General Manager shall be responsible for reviewing staff and management reports regarding compliance with the utility's Policy.

2. Potential changes to the Policy shall be reviewed at least annually at a meeting of the utility's management. Material changes to the Policy that may be needed prior to the meeting described herein shall be brought to the General Manager's attention, and reviewed by management and the Board of Directors if deemed necessary by the General Manager.

3. Reports.

- (a) Management personnel assigned responsibility under this Policy or by delegation from the General Manager shall prepare a report, at least annually, regarding the implementation and progress of the utility's Policy for review by the General Manager. The



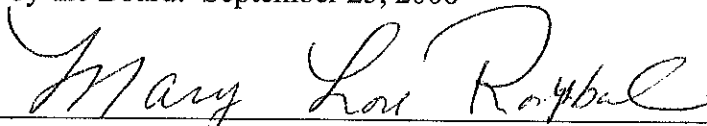
General Manager may, at his or her discretion, bring any issues related to the Policy to the attention of the Board of Directors for review.

(b) The above-described report prepared by management personnel designated with supervising the Policy shall include a discussion of: the progress of implementing and the effectiveness of the Policy; ongoing risk level of Identity Theft of member information; potential changes to the Policy and other operation practices of the utility to further the goal of protecting member's personal information; and, identification and discussion of instances of Identity Theft of the utility's members.

(c) The General Manager shall keep records of meetings regarding this Policy showing the dates and topics discussed. The General Manager shall also cause to be maintained a file with copies of the five (5) most recent annual reports prepared under the Policy.

Date adopted by the Board: September 25, 2008

Certified by

  
Board Secretary