

# In Your Best Interest

## FTC – FACTA DISPOSAL RULE

This rule was included as part of FACTA in order to protect consumer privacy and reduce the risk of identity theft and fraud.

To protect you and your company from possible consumer complaints and/or monetary damages, read this abbreviated version of the rule and **develop internal written procedures** for disposal of sensitive consumer information. To read the full ruling you can go to the FTC website

<http://www.ftc.gov/opa/2005/06/disposal.shtm> and the Federal Register dated November 24, 2004 @ <http://www.ftc.gov/os/2004/11/041118disposealfrn.pdf>

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## DISPOSAL RULE

The Disposal Rule, which became effective June 01, 2005, is part of the Fair and Accurate Credit Transactions Act of 2003 (FACTA) which calls for the proper disposal of information in consumer reports and records to protect against "unauthorized access to or use of the information." The Disposal Rule will require businesses and individuals to take appropriate measures to dispose of sensitive information derived from consumer reports.

If you obtain or receive a report on a consumer with information relating to establishing a consumer's eligibility for credit, employment background, check writing history, insurance claims, residential or tenant history, or medical history, you must comply with the FACTA Disposal Rule.

The Disposal Rule requires disposal practices that are reasonable and appropriate to prevent the unauthorized access to information in a consumer report.

Reasonable disposal measures should include:

- Burn, pulverize, or shred papers containing consumer report information so that the information cannot be read or reconstructed.
- Destroy or erase electronic files or media containing consumer report information so that the information cannot be read or reconstructed.
- If outside source is used for your disposal, your due diligence could include:
  - Requiring company to be certified by a recognized trade association and obtaining a copy of their certification
  - Checking companies references
  - Ask the company if they have an independent audit of their company's compliance
  - Reviewing, evaluating the disposal company's information security policies or procedures