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From: Marcia McKeag [mailto:mmckeag@isbt.com]

Sent: Tuesday, September 19, 2006 1:30 AM

To: Comments

Subject: RIN 3064-AD00 Proposed Rules on Identity Theft Red Flags & Notices of Address Discrepancy

September 18, 2006

Robert E. Feldman, Executive Secretary

comments@fdic.gov

Attention: Comments

Federal Deposit Insurance Corporation

550 17th Street, NW

Washington, DC 20229

VIA e-mail:

Re: Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003

RIN 3064-AD00

Dear Mr. Feldman:

Thank you for the opportunity to comment on the Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003. Iowa State Bank & Trust Company is a state chartered community bank with approximately \$575 million in assets and 180 employees.

We are encouraged the Agencies recognize that financial institutions need flexibility to implement the requirements of Section 114 of the FACT Act. We are further encouraged the Agencies have specifically recognized existing Customer Identification Program (CIP) requirements for satisfying the proposed Regulations, as well as other policies, procedures and processes financial institutions have in place that would satisfy additional requirements within the proposed Regulations. With this in mind, a separate Board approved, written Identity Theft Prevention Program would be redundant and is therefore unnecessary.

When a notice of address discrepancy is received from a consumer reporting agency, CIP procedures are sufficient to reasonably identify consumers. Adding steps beyond the CIP would be redundant and serves no purpose to prevent identity theft.

We believe the definition of "customer" is too broad and should be changed to only include consumers. The definition should be the same as section 332.3(h) of Privacy of Consumer Financial Information, (332.3(h) Customer means a consumer who has a customer relationship with you.) Similarly, the definition of "account" should be that same as 332.3(i) in the privacy regulations and should only include a "continuing" customer relationship.

We are unclear what is intended by including precursors to identity theft in the definition of "Red Flags". Does this mean that banks will need to assess all deposit accounts for the "possible risk" of identity theft after receiving a FIL indicating the FDIC is victim to another "phishing" attack? This clearly is not reasonable if even possible. Will this open the door for potential litigation because our customer falls victim to such a "phishing"

scam and we did not prevent it? We continue to believe consumer education and awareness is critical in the "phight" against "phishing" and other similar scams. Further clarification on the intent of including precursors in this definition would be helpful.

The requirement in proposed paragraph __.90(d)(2)(iii) Assess the Risk of Identity Theft, appears to create an excessive burden to review and assess each and every Red Flag that is detected. As a community bank, we do not have sufficient staff to dedicate to such a requirement. The regulations should clearly provide for a risk based approach to assessing the risk of identity theft from detected Red Flags.

In summary, we agree that identity theft is a major issue for consumers today and support efforts to protect and prevent against it. We appreciate this opportunity to provide comment on the proposed regulations.

Respectfully,

Marcia McKeag
Compliance Officer
IOWA STATE BANK & TRUST COMPANY
Iowa City, Iowa

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<<<<Iowa State Bank & Trust>>>>