



AICPA Corporate Finance Insider

Winner for publication excellence Start receiving your FREE e-newsletters

Subscribe | Join AICPA | AICPA.org | AICPA Store

JOURNAL OF ACCOUNTANCY

SEARCH - 1997 to Present

Open Advanced Search

GO

HOME | CURRENT ISSUE | MULTIMEDIA | BROWSE TOPICS | ABOUT | SUBSCRIBE | ADVERTISE

Home > AICPA Calls for CPA Exemption From Recently Delayed Red Flags Rule

Share This Article | Print

REGULATION

AICPA Calls for CPA Exemption From Recently Delayed Red Flags Rule

BY MATTHEW G. LAMOREAUX
AUGUST 5, 2009

The AICPA on Tuesday asked the Federal Trade Commission (FTC) to exempt CPAs from certain provisions of its [Red Flags Rule](#) to prevent identity theft. The current action by the AICPA follows an FTC [announcement](#) last week that it would delay enforcement of the rule until Nov. 1.

The Red Flags Rule, which was released Nov. 9, 2007, under the [Fair and Accurate Credit Transactions Act of 2003](#), requires businesses and organizations within its scope to implement a written identity theft prevention program to detect warning signs of identity theft in their day-to-day operations. Enforcement of the rule has been postponed three times since the original Nov. 1, 2008, effective date.

The rule applies to what it calls "financial institutions" and "creditors." However, according to the FTC [Web site](#), the definition of "creditor" in the rule is broad, and includes businesses or organizations that regularly provide goods or services first and allow customers to pay later. As examples, the FTC says utilities, health care providers, lawyers, accountants, and other professionals, and telecommunications companies may fall within the definition.

"We are concerned with the potentially broad application of the Red Flags Rule to the accounting profession, and do not believe that there is any reasonably foreseeable risk of identity theft when CPA clients are billed for services rendered," wrote AICPA CEO Barry Melancon in an [Aug. 4 letter](#) to the FTC.

Melancon pointed out that CPAs are personally acquainted with their clients and adhere to strict privacy requirements related to identifying information. "We suggest that the likelihood of misrepresentation or theft of one's identity is so low that the burdens associated with the Rules' requirements outweigh the benefits," he wrote.

The AICPA has also asked state CPA societies to write to the FTC and to their representatives in Congress about this issue.

—Matthew G. Lamoreaux is a JofA senior editor. His e-mail address is mlamoreaux@aicpa.org.

View Comments | Add Comment | Share This Article

RELATED TOPICS

- [Fraud](#)
- [Technology](#)
- [Technology: Privacy](#)

ADVERTISEMENT

See how **TaxACT** measures up.

Try FREE Now

KEEP UP ON THE LATEST IN

Journal of Accountancy

AICPA STORE RESOURCES

- [2007 AICPA/Moss Adams CPA Financial Planning Practice Study](#)
- [AICPA Core Library on AICPA RESOURCE — Online \[Subscription\]](#)
- [AICPA Federal Real Estate Tax Conference](#)
- [At the Crossroads: The Remarkable CPA Firm that Nearly Crashed, then Soared](#)
- [Fraud and the Financial Statement Audit: Auditor Responsibilities](#)
- [Guide to Fraud in Governmental and Not-for-Profit Environments, Revised Edition](#)
- [The Guide to Investigating Business Fraud](#)
- [AICPA Accounting Guidance Library featuring the FASB Accounting Standards Codification\(TM\) and AICPA Audit and Accounting Guides--Special Members-Only Value \[Subscription\]](#)
- [AICPA Advanced Personal Financial Planning Conference](#)
- [AICPA and GASB Government Standards Set \[Subscription\]](#)



www

Customer Service: [Subscriptions](#) | [Contact Us](#)

Site Information: [Site Map](#) | [Terms & Conditions](#) | [Privacy Policy](#) | [Reprints and Copyrights](#) | [Help](#)

 Copyright © 2009 American Institute of Certified Public Accountants. All rights reserved.

Reliable. Resourceful. Respected.