Federal Trade Commission
Supporting Statement for Information Collection Provisions in the Identity Theft Red Flags, Card Issuers, and Address Discrepancy Rules
(OMB Control #: 3084-0137)

The Federal Trade Commission ("FTC" or "Commission") requests renewed Office of Management and Budget ("OMB") clearance for the collections of information in the rules implementing Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 ("FACT Act"), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act")[1] and the Red Flags Program Clarification Act of 2010 ("Clarification Act").[2] These rules[3] enhance the ability of consumers to resolve problems caused by identity theft and increase the accuracy of consumer reports.

1. <u>Necessity for Collecting and Retaining the Information</u>

FACT Act Section 114:

Section 114 of the FACT Act, 15 U.S.C. 1681m(e), amended Section 615 of the Fair Credit Reporting Act ("FCRA") to require the Commission, among other things, to issue: (1) a regulation requiring covered financial institutions and creditors to develop and implement a written Identity Theft Prevention Program ("Program") to detect, prevent, and mitigate identity theft in connection with existing accounts or the opening of new accounts ("Red Flags Rule"); and (2) a regulation generally requiring credit and debit card issuers to assess the validity of change of address requests ("Card Issuers Rule").

FACT Act Section 315:

Section 315 of the FACT Act, 15 U.S.C. 1681c(h), amended Section 605 of the FCRA to require the Federal Trade Commission to issue regulations providing guidance regarding reasonable policies and procedures that a user of consumer reports must employ when a user receives a notice of address discrepancy from a consumer reporting agency ("Address Discrepancy Rule"). On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") was enacted. The Dodd-Frank Act substantially changed the federal legal framework for financial services providers. Among the changes, the Dodd-Frank Act transferred to the Bureau of Consumer Financial Protection the Commission's rulemaking authority under portions of the FCRA. The FTC retained rulemaking and enforcement authority for the Address Discrepancy Rule to the extent the rule applies to motor vehicle dealers described in Section 1029(a) of the Dodd-Frank Act that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of them, or both. *See* 77 Fed. Reg. 22200, 22201 (Apr. 13, 2012). The Commission is authorized to maintain the Address Discrepancy Rule pursuant to Section 1029(c) of the Dodd-Frank Act and Section 504(a) of the Gramm-

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[1] Pub. L. 111-203 (2010).

[2] Red Flag Program Clarification Act of 2010, 15 U.S.C. 1681m(e)(4).

[3] Red Flags Rule (16 CFR 681.1); Card Issuers Rule (16 CFR 681.2); and Address Discrepancy Rule (16 CFR pt. 641) (collectively, "Rules").

Leach-Bliley Act, and the rule remains in effect to the extent that it applies to motor vehicle dealers. *Id.* The FTC also retains its authority to bring law enforcement actions to enforce both its Address Discrepancy Rule and the Bureau of Consumer Financial Protection's corresponding rule. *Id.*

The Address Discrepancy Rule requires covered motor vehicle dealers that use consumer reports ("users") to develop and implement reasonable policies and procedures to: (1) enable a user to form a reasonable belief that it knows the identity of the person for whom it has obtained a consumer report; and (2) reconcile the address of the consumer with the consumer reporting agency, if the user establishes a continuing relationship with the consumer and regularly and in the ordinary course of business furnishes information to the consumer reporting agency.

2. Use of the Information

FACT Act Section 114:

As required by Section 114, the Red Flags Rule requires financial institutions and covered creditors within the FTC's jurisdiction to conduct a periodic risk assessment to determine if they maintain covered accounts, and if so, to create a written identity theft prevention program to address the risk of identity theft. Among other things, covered entities should identify patterns, practices, and specific forms of activity that indicate the possible existence of identity theft and have procedures to detect them. In addition, each covered entity must report to the board of directors, a committee thereof, or senior management at least annually on compliance with the Red Flags Rule. In addition, staff of covered entities must be trained to carry out the program.

Further, the Card Issuers Rule requires credit card and debit card issuers to develop policies and procedures to assess the validity of a request for a change of address under certain circumstances. Each credit and debit card issuer must establish policies and procedures to assess the validity of a change of address request. The card issuer must notify the cardholder or use another means to assess the validity of the change of address.

FACT Act Section 315:

As required by Section 315, the Address Discrepancy Rule provides guidance on reasonable policies and procedures that a covered motor vehicle dealer that is a user of consumer reports must follow when the user receives a notice of address discrepancy from a consumer reporting agency. Each user of consumer reports that is a motor vehicle dealer described in Section 1029(a) of the Dodd-Frank Act that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of them, or both, must develop and implement reasonable policies and procedures that it will follow when it receives a notice of address discrepancy from a consumer reporting agency. In certain instances, the user must furnish an address that the user has reasonably confirmed to be accurate to the consumer reporting agency from which it receives a notice of address discrepancy.

3. Consideration of Using Improved Information Technology to Reduce Burden

Consistent with the aims of the Government Paperwork Elimination Act, 44 U.S.C. 3504 Note, the Rules permit covered financial institutions (including motor vehicle dealers), creditors, and credit card users great latitude in using new technologies to reduce compliance costs. Nothing in the Rules precludes the use of electronic methods for compliance purposes. For example, the Red Flags Rule was drafted to be flexible and in a technologically neutral manner so that covered entities would not be forced to acquire expensive new technology in order to comply with that rule.

4. Efforts to Identify Duplication/Availability of Similar Information

FTC staff has not identified any other federal or state statutes, rules, or policies that duplicate, overlap, or conflict with the Rules. To the extent that there exist any such state laws, Sections 114 and 314 of the FACT Act preempt them.

5. Efforts to Minimize Burdens on Small Businesses

Although the reach of the Red Flags Rule is broad, the Rule nonetheless permits maximum flexibility, enabling each covered entity to prepare a Program tailored to its particular size, sophistication, and prior experience with identity theft. Moreover, since promulgation of the original Rule, President Obama signed the Clarification Act, which narrowed the definition of "creditor" for purposes of Section 114 of the FCRA. Specifically, only those creditors using consumer reports, furnishing information to consumer reporting agencies, or advancing funds are now covered by the Red Flags Rule. As a practical matter, this means that many small businesses no longer fall within the scope of the Rule.

The Address Discrepancy Rule and Card Issuers Rule minimize the burden on covered businesses—including small businesses—by building upon standard business practices, many of which were in use before these two rules were promulgated. As noted above, only users of consumer reports that are motor vehicle dealers described in Section 1029(a) of the Dodd-Frank Act and that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of them, or both, are covered under the Address Discrepancy Rule. It is the usual and customary business practice for users covered by the Address Discrepancy Rule to furnish information to consumer reporting agencies in response to notices of address discrepancies. Similarly, many entities covered by the Card Issuers Rule routinely assess the validity of change of address requests and, for the most part, have automated the process for doing so. Accordingly, the burden on businesses covered by the Address Discrepancy Rule and Card Issuers Rule is minimal.

6. Consequences of Conducting Collection Less Frequently

The burden associated with the Rules is largely attributable to the policies and procedures that a covered entity must develop to create a Program, to assess the validity of a change of

address request, or to respond to notices of address discrepancy. Once they are developed, these policies and procedures will only need to be adjusted if they become ineffective. Similarly, staff of covered entities will need to be trained only once, unless policies and procedures change.

The Red Flags Rule requires annual reports to the board or senior management of covered entities. The Commission believes that the board, a committee of the board, or senior management should monitor compliance through the review of annual reports that assess the effectiveness of the entity's Program.

7. Circumstances Requiring Disclosures Inconsistent with Guidelines

The collection of information required by the Rules is consistent with all applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency/Public Comments

In addition to past consultations and public comments sought for the Rules when they were proposed, the Commission more recently sought public comment regarding its latest PRA clearance request for these Rules. *See* 89 FR 67938 (Aug. 22, 2024). Two germane comments were received.

The two comments were generally supportive of the information collection, although the two commenters indicated that they believe that the federal government's efforts in the context of personal data protections should be expanded.[4] The Commission thanks the commenters for their submissions, and notes that the Commission has also supported greater personal data protections for American consumers by, among other things, encouraging Congress to enact comprehensive federal privacy legislation.[5] However, such initiatives would be beyond the scope of this PRA renewal request.

Pursuant to PRA implementing regulations under 5 CFR part 1320, the Commission is providing a second opportunity for public comment on the instant burden analysis, contemporaneous with this submission.

9. Payments/Gifts to Respondents

Not applicable.

10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

[4] *See* https://www.regulations.gov/comment/FTC-2022-0010-0004; https://www.regulations.gov/comment/FTC-2022-0010-0003.

[5] *See, e.g.,* A Look Behind the Screens: Examining the Data Practices of Social Media and Video Streaming Services (Sept. 11, 2024), https://www.ftc.gov/system/files/ftc_gov/pdf/Social-Media-6b-Report-9-11-2024.pdf (recommending that Congress enact comprehensive federal privacy legislation that limits surveillance and grants consumers data rights).

No assurance of confidentiality is necessary because the Rules do not require financial institutions or creditors to register or file any documents with the Commission. To the extent that information covered by a recordkeeping requirement is collected by the Commission for law enforcement purposes, the confidentiality protections of Sections 6(f) and 21 of the FTC Act, 15 U.S.C. 46(f), and 57b-2, will apply.

12. Estimated Annual Hours Burden and Associated Labor Costs

A. Estimated Annual Burden Hours: 398,479 Hours.

I. Red Flags Rule: 358,124 Hours.

Affected Public: Utilities; motor vehicle dealerships; telecommunications firms; colleges and universities; hospitals; nursing homes; public warehouse and storage firms; fuel dealers; financial transaction processing firms; certain creditors;[6] and other categories of persons that qualify as financial institutions.

The Red Flags Rule requires financial institutions and certain creditors with covered accounts to develop and implement a written Program and report to the board of directors, a committee thereof, or senior management at least annually on compliance with the Rule. Under the Rule, a "financial institution" is "a State or National bank, a State or Federal saving and loan association, a mutual savings bank, a State or Federal credit union, or any other person that, directly or indirectly, holds a transaction account (as defined in Section 19(b) of the Federal Reserve Act, 12 U.S.C. ch. 3) belonging to a consumer."[7]

The Red Flags Rule applies to certain "creditors" as defined in Section 702 of the Equal Credit Opportunity Act ("ECOA")[8] that use consumer reports, furnish information to consumer reporting agencies, or advance funds.[9] As a result, many small businesses, service providers, and other persons that would ordinarily satisfy the ECOA definition of "creditor" are excluded from the Red Flags Rule's definition of "creditor."

Nonetheless, the scope of entities covered by the Red Flags Rule within the FTC's jurisdiction is broad, making it difficult to determine precisely the number of financial institutions and creditors that are subject to the FTC's jurisdiction. There are numerous businesses under the FTC's jurisdiction and there is no formal way to track them. Moreover, as a whole, the entities under the FTC's jurisdiction are so varied that there are no general sources that provide a record

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[6] 15 U.S.C. 1681m(e)(4).
[7] The Red Flags Rule refers to the definition of "financial institution" in the Fair Credit Reporting Act, 15 U.S.C. 1681a(t).
[8] 15 U.S.C. 1681a(r)(5).
[9] 15 U.S.C. 1681m(e)(4).

of their existence. Nonetheless, FTC staff estimates that the Red Flag Rule's requirement to have a written Program affects over 6,027 financial institutions[10] and 157,564 creditors.[11]

To estimate burden hours for the Red Flags Rule under Section 114, FTC staff has divided affected entities into two categories, based on the nature of their businesses: (1) entities that are subject to a high risk of identity theft;[12] and (2) entities that are subject to a low risk of identity theft.[13]

1. High-Risk Entities

FTC staff estimates that, on an annual basis, there are approximately 1,447 new high-risk entities,[14] and there are currently approximately 97,770 existing high-risk entities.[15] Thus, in order to account for the fact that the number of high-risk entities will most likely increase over the 3-year clearance period, the remainder of this burden analysis relies on the average number of high-risk entities that will be subject to the FTC's jurisdiction over the next three years (99,217).

FTC staff estimates that new high-risk entities will each require 25 hours to create and implement a written Program. FTC staff estimates that existing high-risk entities have likely already created and implemented a written Program, but will require an annual recurring burden of one hour. Further, FTC staff estimates that existing high-risk entities have already prepared an annual report and will have an annual recurring burden of one hour to update the report for each year, but that preparation of an annual report will require four hours initially for each new high-risk entity. Finally, FTC staff believes that many of the high-risk entities, as part of their usual and customary business practices, already take steps to minimize losses due to fraud,

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[10] The total number of financial institutions is derived from an analysis of state credit unions and insurers within the FTC's jurisdiction using 2021 Census data ("County Business Patterns," U.S.) and other online industry data.

[11] This figure comprises 157,564 creditors (91,743 high-risk creditors + 65,821 low-risk creditors). The total number of creditors draws from FTC staff analysis of 2021 Census data and industry data for businesses or organizations that market goods and services to consumers or other businesses or organizations subject to the FTC's jurisdiction, excluding entities not likely to (1) obtain credit reports, report credit transactions, or advance loans, and (2) have covered accounts under the Rule. Currently, no further updated Census data is available online to inform revised estimates.

[12] In general, high-risk entities include, for example, financial institutions within the FTC's jurisdiction and utilities, motor vehicle dealerships, telecommunications firms, colleges and universities, and hospitals.

[13] Low-risk entities have a minimal risk of identity theft, but have covered accounts. These include, for example, public warehouse and storage firms, nursing and residential care facilities, automotive equipment rental and leasing firms, office supplies and stationery stores, fuel dealers, and financial transaction processing firms.

[14] For the purpose of the 2022 renewal request for this information collection clearance, FTC staff estimated that there were approximately 98,393 existing high-risk entities and approximately 1,447 new high-risk entities. *See* 86 FR 57425 (Oct. 15, 2021); 87 FR 4239 (Jan. 27, 2022). FTC staff estimates that there are currently 97,770 high-risk entities, which represents a 0.63 percent decrease from the previous estimate. As this decrease is not significant, FTC staff believes that, for the purpose of an approximation, it is appropriate to continue to assume that, each year, there will be approximately 1,447 new high-risk entities.

[15] This number was derived from the average annual number of existing high-risk entities, taking into account that the new entities from year one will become existing entities in year two and the new entities from year two will become existing entities in year three.

including employee training. Thus, only relevant staff need to be trained to implement the Program. For example, staff already trained as part of a covered entity's anti-fraud prevention efforts do not need to be re-trained except as incrementally needed. FTC staff estimates that recurring annual training in connection with the implementation of a Program of an existing high-risk entity will require one hour each year, and for new entities will require four hours initially.

Accordingly, FTC staff anticipates that high-risk entities will incur the following burden:

- 1,447 new high-risk entities subject to the FTC's jurisdiction at an average annual burden of 33 hours per entity (including 25 hours to create and implement the Program, plus 4 hours for staff training, plus 4 hours for preparing annual report), for an annual total of 47,751 hours.

- 97,770 existing high-risk entities subject to the FTC's jurisdiction at an average annual burden of 3 hours per entity (including one hour to update the Program, plus one hour for staff training, plus one hour for preparing the annual report), for an annual total of 293,310 hours.

- In total, 99,217 high-risk entities subject to the FTC's jurisdiction, for an annual total of 341,061 hours.

2. Low-Risk Entities

FTC staff estimates that, on an annual basis, there are approximately 456 new low-risk entities, and there are currently approximately 65,821 existing low-risk entities. Thus, in order to account for the fact that the number of low-risk entities will steadily increase over the 3-year clearance period, the remainder of this burden analysis relies on the average number of low-risk entities that will be subject to the FTC's jurisdiction over the next three years (66,277).

FTC staff believes that the burden on low-risk entities to comply with the Rules is minimal. Entities that have a low risk of identity theft, but that have covered accounts, will likely only need a streamlined Program. FTC staff estimates that any such new entities will require one hour to create such a Program. Existing low-risk entities will only have an annual recurring burden of 5 minutes. Training staff of low-risk entities to be attentive to future risks of identity theft and preparing an annual report should require no more than 10 minutes each in an initial year for new low-risk entities. Existing low-risk entities will only have an annual recurring burden of 5 minutes each.

Accordingly, FTC staff anticipates that low-risk entities will incur the following burden:

- 456 new low-risk entities[16] that have covered accounts subject to the FTC's jurisdiction at an average annual burden of approximately 80 minutes per entity (including 60 minutes to create and implement a streamlined Program, plus ten minutes for staff training and ten minutes for preparing the annual report), for an annual total of 608 hours.
- 65,821 existing low-risk entities[17] that have covered accounts subject to the FTC's jurisdiction at an average annual burden of approximately 15 minutes per entity (including 5 minutes for updating of streamlined Program, plus 5 minutes for staff training, and 5 minutes for preparing annual report), for an annual total of 16,455 hours.

- In total, 66,277 low-risk entities subject to the FTC's jurisdiction, for an annual total of 17,063 hours.

3. Combined Annual Burden Hours

Based on the foregoing, FTC staff estimates that the 165,494 entities (99,217 high-risk entities + 66,277 low-risk entities) subject to the Red Flags Rule will incur a total annual burden of 358,124 hours (341,061 hours for high-risk entities + 17,063 hours for low-risk entities).

II. Card Issuers Rule: 18,608 Hours.

Affected Public: State-chartered credit unions; general merchandise stores; colleges and universities; telecommunications firms; and certain "creditors."[18]

The Card Issuers Rule requires credit and debit card issuers to establish policies and procedures to assess the validity of a change of address request, including notifying the cardholder or using another means of assessing the validity of the change of address. FTC staff estimates that there are currently 18,464 credit and debit card issuers under the FTC's jurisdiction, and there are approximately 36 new entrants each year. Thus, in order to account for this annual increase in the number of credit and debit card issuers, FTC staff will assume that, in each year of the 3-year clearance period, there will be a total of 18,500 credit and debit card issuers, which represents the average number of credit and debit card issuers during the 3-year clearance period.

FTC staff believes that each of the 36 new entrants will spend approximately 4 hours developing and implementing policies and procedures to assess the validity of a change of address request. Additionally, FTC staff believes that existing card issuers will likely already have automated the process of notifying the cardholder or are using other means to assess the validity

[16] Estimates of new and existing low-risk entities are derived from an analysis of a database of U.S. businesses based on NAICS codes for businesses that market goods or services to consumers or other businesses within the FTC's jurisdiction, reduced further to: (1) those that satisfy the Red Flag Rule's definition of "creditor;" and (2) those that are likely to have covered accounts.
[17] This number was derived from the average annual number of existing low-risk entities, taking into account that the new entities from year one will become existing entities in year two and the new entities from year two will become existing entities in year three.
[18] 15 U.S.C. 1681m(e)(4).

of the change of address, such that implementation will pose no further burden. However, in order to provide a conservative estimate, FTC staff will assume that each existing card issuer will spend each year approximately one hour reviewing and maintaining policies and procedures in order to assess the validity of a change of address request.

Accordingly, FTC staff anticipates that card issuers will incur the following burden:

- 36 new credit and debit card issuers under the FTC's jurisdiction, at an annual average burden of approximately 4 hours per entity, for an annual total of 144 hours.

- 18,464 existing credit and debit card issuers subject to the FTC's jurisdiction, at an average annual burden of approximately 1 hour per entity, for an annual total of 18,464 hours.

- In total, 18,500 credit and debit card issuers subject to the FTC's jurisdiction, for an annual total of 18,608 hours.

III. Address Discrepancy Rule: 21,747 Hours.

Affected Public: Users of consumer reports that are motor vehicle dealers described in Section 1029(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), 12 U.S.C. 5519, and that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of them, or both (below, referenced as "users").

As discussed above, the Address Discrepancy Rule provides guidance on reasonable policies and procedures that a user of consumer reports must employ when a user receives a notice of address discrepancy from a consumer reporting agency. The FTC Address Discrepancy Rule covers only users of consumer reports that are motor vehicle dealers described in Section 1029(a) of the Dodd-Frank Act and that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of them, or both.

Assuming that every covered motor vehicle dealer is a user of consumer reports, FTC staff estimates that the Address Discrepancy Rule currently affects approximately 52,211 entities. FTC staff further estimates that there are approximately 2,737 new entrants each year, representing motor vehicle dealers that have not previously implemented procedures to comply with this Rule. Thus, in order to account for the fact that the number of entities that are subject to the FTC's Address Discrepancy Rule will increase during the 3-year clearance period, this burden analysis relies on the average count of entities that will be subject to the Rule during the 3-year clearance period (54,948).

For the 2,737 new entrants, FTC staff estimates that it would take an infrequent user of consumer reports no more than 16 minutes to develop and follow the policies and procedures that it will employ when it receives a notice of address discrepancy, whereas a frequent user may take 1 hour. Taking into account these extremes, FTC staff estimates that, during the first year of the

clearance, for the 2,737 new entrants, it will take users of consumer reports an average of 38 minutes (the average of 16 minutes and 60 minutes) to develop and comply with the policies and procedures that they will employ when they receive a notice of address discrepancy.

FTC staff assumes that the 52,211 existing motor vehicle dealers will already have developed the necessary compliance policies and procedures, and will only incur a burden in complying with those policies and procedures. Specifically, FTC staff estimates that it may take an infrequent user of consumer reports no more than one minute to comply with the policies and procedures that it will employ when it receives a notice of address discrepancy, whereas a frequent user of consumer reports may take 45 minutes. FTC staff estimates that the average annual burden for the 52,211 existing motor vehicle dealers will be 23 minutes (the average of one minute and 45 minutes).

Thus, for the 2,737 new entrants, the average annual burden for each of them to perform these collective tasks will be 38 minutes; cumulatively, 1,733 hours. For the 52,211 existing motor vehicle dealers, the average annual burden for each of them to perform these collective tasks will be 23 minutes; cumulatively, 20,014 hours. Collectively, the total burden for the 54,948 motor vehicle dealers will be 21,747 hours.[19]

IV. Combined Annual Burden Hours

Based on the foregoing, FTC staff estimates that the 238,942 entities subject to the Red Flags, Card Issuers, and Address Discrepancy Rules (165,494 for Red Flags Rule + 18,500 for Card Issuers Rule + 54,948 for Address Discrepancy Rule) will incur a total annual burden of 398,479 hours (358,124 hours for Red Flags Rule + 18,608 hours for Card Issuers Rule + 21,747 hours for Address Discrepancy Rule).

B. Estimated Annual Labor Cost: $22,350,652.

I. Section 114—Red Flags and Card Issuers Rules: $21,850,471.

FTC staff derived labor costs by applying appropriate estimated hourly cost figures to the burden hours described above. It is difficult to calculate the labor costs associated with the

[19] The above-noted customer verification requirements and the estimate of 21,747 hours concern 16 CFR 641.1(c). In addition, 16 CFR 641.1(d) requires users that (1) furnish a consumer's address to a consumer reporting agency, and (2) have established a continuing relationship with the consumer, to develop and implement reasonable policies and procedures for furnishing an address for the consumer that the user has reasonably confirmed is accurate. The FTC previously estimated that the cumulative burden hours associated with 16 CFR 641.1(d) would be *de minimis*. Thus, the estimate above concerns solely 16 CFR 641.1(c).

Rules with precision, as they entail varying compensation levels of management and/or technical staff among companies of different sizes. In calculating the cost figures, FTC staff assumes that entities' professional technical personnel and/or managerial personnel will create and implement the Program, prepare the annual report, train employees, and assess the validity of a change of address request at an hourly rate of $58.

Based on the above estimates and assumptions, the total annual labor costs for all categories of covered entities under the Red Flags and Card Issuers Rules for Section 114 is $21,850,471 (376,732 hours x $58).

II. Section 315—Address Discrepancy Rule: $500,181.

FTC staff assumes that the policies and procedures for compliance with the Address Discrepancy Rule will be set up by administrative support personnel at an hourly rate of $23. Based on the above estimates and assumptions, the total annual labor cost for the two categories of burden under Section 315 is $500,181 (21,747 hours × $23).

III. Combined Annual Labor Costs

Based on the foregoing, FTC staff estimates that the Red Flags, Card Issuers, and Address Discrepancy Rules will result in total annual labor costs of approximately $22,350,652 ($21,850,471 + $500,181).

13. Estimated Capital and Other Non-Labor Costs

The FTC staff believes that the Rules impose negligible capital or other non-labor costs, as the affected entities are likely to have the necessary supplies and/or equipment already (*e.g.*, offices and computers) for the information collections described herein.

14. Estimated Cost to the Federal Government

FTC staff estimates that a representative year's cost to the FTC of administering the Rules' requirements during the 3-year clearance period sought will be approximately $65,516. This represents three-tenths of an attorney's work year, including employee benefits.

15. Program Changes or Adjustments

Compared to the estimates used in the 2022 renewal request, there is an increase of 1,181 hours in the total estimated annual hours burden (397,298 hours in 2022, 398,479 in 2024), and an increase of $2,246,900 in the total estimated annual labor costs ($20,103,752 in 2022 and $22,350,652 in 2024). The total estimated capital and other non-labor costs continue to be *de minimis*. The differences in the estimates of the total annual hours burdens and labor costs are

due to adjustments to the estimates, and do not constitute program changes. They are attributable to an increase in hourly wage rates and an increase in the number of covered entities.

16. Publishing Results of the Collection of Information

There are no plans to publish any information for statistical use.

17. Display of Expiration Date for OMB Approval

Not applicable.

18. Exceptions to the Certifications for PRA Submissions

Not applicable.