



National Association for Information Destruction, Inc.

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New Law Requires All Businesses to Shred, Burn, Pulverize, or Otherwise Properly Dispose of Documents Containing Credit Information

Law to Take Effect at Midnight Tonight

Law Intended to Combat Identity Theft and Protect Consumers' Privacy

PHOENIX – May 31, 2005 – As of midnight tonight, most businesses will have to shred, burn, pulverize, or otherwise properly dispose of any documents containing consumer credit information before those documents can be thrown away.

The requirement stems from a provision in the federal Fair and Accurate Credit Transactions Act (FACT Act) which is intended to combat consumer fraud and identity theft.

The so-called FACT Act disposal rule broadly covers “any record about an individual, whether in paper, electronic, or other form that is a consumer report [also known as a credit report] or is derived from a consumer report.” It requires any person or company that possesses or maintains such information to “tak[e] reasonable measures to protect against unauthorized access to or use of the information in connection with its disposal.”

“This law is an important step forward in the fight against consumer fraud and identity theft. We’d rather see someone’s document shredded, than their identity,” said Robert Johnson, executive director of the National Association for Information Destruction (NAID). “It’s important for the business community to understand that this law applies to nearly every business and private employer in the U.S.”

According to a study released by the FTC in September 2003, nearly 10 million Americans were the victims of identity theft in the previous year alone. The study also found that U.S. businesses lost \$47 billion and consumers lost approximately \$5 billion as a result of identity theft during the same period.

"There is no reason that a stack of customer files containing credit reports should be sitting in a dumpster, easily accessible to just about anyone," added Johnson.

Under the new law, businesses must come into compliance by June 1, 2005 by both adopting and implementing their own document destruction policies or by contracting with a document shredding company or other data destruction company to do so. Penalties for violating the rule include actual damages, statutory damages up to \$1,000, punitive damages *per violation* (with no cap on class action damages), attorneys’ fees, and civil penalties up to \$2,500.

For more information about the rule and business compliance requirements, visit the FTC web site at www.ftc.gov.

About NAID

The National Association for Information Destruction (NAID) is the international trade association for companies providing information destruction services. Suppliers of products, equipment and services to destruction companies are also eligible for membership. NAID's mission is to promote the information destruction industry and the standards and ethics of its member companies. For more information, visit www.naidonline.org.

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