



# RED FLAGS!

## November 1st deadline extended to May 1st

### WILL YOU BE READY?



What's wrong with this picture?

According to the Federal Trade Commission, losses from identity theft cost billions of dollars to both individuals and businesses each year. Effective May 1, 2009, dealerships, retail outlets, lenders and other businesses who handle both customer and employee personal information will have to comply with the Safeguards Rule, which went into effect May 23, 2003, under the Graham-Leach Bliley Act. In order to be in compliance by May 1, dealers must have a written plan in place for securing data and responding to a security breach.

### Privacy Act, Safeguarding and Red Flags

**What is the Privacy Rule?** The Privacy Rule came into effect on July 1st of 2001 and pertains to how you use customer information – such as sharing with a 3rd party or non-affiliated company.

**What is the Safeguards Rule?** Effective May 23, 2003, this rule effects how you protect customer information. (Leaving credit applications or copies of drivers' license lying around.)

### What is a Red Flag?

A pattern, practice, or specific activity that indicates the possible existence of identity theft.

### What are some specific examples of Red Flags?

- Fake I.D.'s like the one you see above
- Inability to answer (out of wallet questions)
- Lay Down customers who purchase loads of products without asking questions.

**Why is this such a big deal now?** Internet fraud and identity theft have been increasing at an alarming rate in recent years. While the Privacy Rule became effective in

July of 2001, and the Safeguards Rule became effective in May of 2003, it wasn't until June of 2005 the FTC (Federal Trade Commission) recommended to congress to expand the scope to businesses other than financial institutions who extend credit, arrange for financing or lease real property or vehicles. This expansion brought Powersports dealers into the group of businesses required to comply.

**What do you mean by comply?** Effective January 1st 2008, all applicable business Owners / Board of Directors must have in place a written plan / policy for protecting and securing personal information.

**But it's already past the deadline?** The written plan / policy must be implemented by May 1, 2009.

**What is the penalty if I'm not in compliance?** FTC violations to date have ranged from tens of thousands per occurrence for smaller companies up to 2.9 million for larger companies with multiple violations.

### This sounds complex and intimidating?

It's actually not as bad as it sounds. For the most part, it's implementing good common sense with both customer and employee sensitive data in your dealership. The most important component in the event of an FTC audit at your dealership is your ability to prove 'A

Good Faith Effort'. The FTC understands no program will be bullet proof, but does expect a solid effort and the ability to prove that solid effort when it comes to compliance.

**So what should I do?** You can visit the Federal Trade Commission's web site at [www.ftc.gov](http://www.ftc.gov) to find out the specifics for creating your Dealership's policy or contact Dealership University™ at 877-242-4472 for a free Compliance consultation. Also, stay tuned for the 'coming soon' Dealership U online Privacy Act Compliance and online training course. ☉

## Dealership Compliance Classes

**\$379**  
**FREE FOR**  
**SUBSCRIBERS**

### Is your dealership compliant with the "Privacy & Safeguard Rules?"

You can't afford to leave your dealership exposed. Participants in Dealership University's Quick Start Dealership Compliance classes gain insights and techniques for securing data and responding to a security breach to ensure proper knowledge and compliance.

Enrollment Deadline	Class Start	Class End
November 12, 2008	November 19, 2008	November 25, 2008
November 26, 2008	December 3, 2008	December 9, 2008
December 10, 2008	December 17, 2008	December 23, 2008
December 31, 2008	January 7, 2009	January 14, 2009
January 14, 2009	January 21, 2009	January 27, 2009

## Enroll Now for Dealership Compliance Classes

Mail to:  
**DEALERSHIP UNIVERSITY**  
6000 Shakerag Hill • Suite 108  
Peachtree City, GA • 30269

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