



Colorado Automobile Dealers Association

## Privacy, Safeguards and Compliance “Hot Topics” Seminar April 26/27<sup>th</sup>, 2007

### HIGHLIGHTS OF TOPICS TO BE COVERED

#### **The FTC’s Safeguards Rule**

On May 23, 2003, the FTC’s Safeguards Rule went into effect. The rule requires dealerships (among many other “financial institutions”) to develop and implement a comprehensive customer information safeguards program. At a very minimum, the rule requires dealers to:

- Designate a Program Coordinator
- Conduct a risk assessment
- Design and implement WRITTEN safeguards to control the risks you identify
- Oversee your service providers
- Periodically re-evaluate your Program

Get answers to questions such as:

- Are dealers actually getting into trouble for not having a safeguards program?
- What exactly is non-public information?
- Which F&I documents, if any, should we be shredding?
- Can we hire a company to create our policy for us?
- Can we get sued for not having a policy in place?
- Does the rule apply to customer information obtained in the service department?
- How often are we supposed to re-evaluate our program?

#### **The FTC’s Privacy Rule**

Get answers to questions such as:

- When do we have to give privacy notices?
- What should our privacy notices say?
- What if a customer refuses to sign our privacy notice?
- What kind of information sharing are customers allowed to opt-out of?
- Do we have to give customers the right to opt-out?
- Do we have to provide customers with notices every year?

#### **Fair Credit Reporting Act**

Get answers to questions such as:

- What are permissible purposes for running a credit report?
- Can we legally run a credit report on every transaction (even cash deals)?
- If we run a credit report does that automatically run an OFAC check?
- How should we handle address discrepancies on credit reports?
- Can we sell a car to a person with a fraud alert on their credit report?

### Adverse Action Notices

Get answers to questions such as:

- What are adverse action notices?
- When do we have to provide adverse action notices?
- What should our notices say?
- Can we rely on our finance companies to provide the notices?
- How much trouble can we get in for not sending notices?

### Cash Reporting (8300) Requirements

Get answers to questions such as:

- What are the cash reporting rules?
- Do we have to tell customers we are filing an 8300 report with the IRS?
- Should we discuss cash reporting with customers?
- Can we sell a vehicle to a cash customer with no Social Security number?
- What is “structuring”?
- Can we be sued for telling the IRS a transaction is “suspicious”?
- What are the special issues associated with consolidated business offices?
- How have dealers gotten into trouble for violations of cash reporting rules?

### Negative Equity Disclosure

Get answers to questions such as:

- What is the 10,000 RV case and what does it mean for dealers?
- What is the negative equity/over-allowance dilemma?
- Are over-allowances legal?
- What is a dealer’s exposure for not disclosing negative equity?

*The following will be available to seminar attendees for \$199 per copy; regularly \$295 per copy:*

#### ***Automotive Dealership Information Safeguards & Identity Theft Prevention Manual (2007 Version)***

Auto Advisory Services’ Information Safeguards Manual is a “must have” for all dealerships looking to comply with the FTC’s Safeguard Rule. With nearly 2,000 copies sold nationwide, this “turn-key” written manual is an easy way to implement your dealership’s safeguards program. Our manual can be customized to meet your dealership’s individual requirements by simply checking the boxes that represent your chosen policy.

Forget about trying to draft your own agreements, letters or forms. Each manual contains the following sample forms and letters: Service Provider Security Agreement (Long and Short Versions), Computer User Access Rights Form, Sample Letter to Service Providers, Service Provider Agreement Log, Employee Security Agreement, Training Attendance Log, Computer Safeguards Testing/Auditing Log, and more.

The recently revised 2007 version contains a new risk assessment chapter that simplifies your implementation by walking you through those areas of customer information collection and handling about which the FTC is most concerned. The new risk assessment section can also be extremely helpful in reevaluating your existing program. We have also added a 100 page section on identity theft prevention and compliance.