

SAFEGUARDS RULE PRIVACY PROGRAM

Is Your Dealership Privacy Program Complete?

Is your FTC Privacy Safeguards Program up to date & complete? It should be! Why? Because:

- The FTC required you to complete it by May 23, 2003
- The fines for non-compliance can be severe . . . \$11,000 per day per occurrence!

Last year the FTC and the Social Security Administration received over 1,700 complaints of identity theft related to car loans and leases. Recently, a Nissan dealership incurred costs in excess of \$500,000 related to 52 cases of stolen credit, and they still have lawsuits pending. The FTC has begun its initiative. A September 2003 issue of Automotive News indicated that the FTC has begun to examine dealership privacy programs.

The five elements of a safeguards privacy program are:

1. Assessing the risks associated with the security of your customer information
 - How is the information handled and by whom is it handled?
 - Who has access to the information compared to who needs access to it?
 - How is the information discarded?
 - Is there the ability to safeguard the information?
2. Assigning an employee to be your information security program coordinator
 - At least one employee must be designated as the information security program coordinator.
 1. Should be someone with familiarity
 2. Should be someone that is expected to remain with the organization
 3. Should be someone that other employees will respect
 - Most dealers have assigned this task to the controller or office manager.
3. Taking steps to ensure that your vendors are capable of complying with the Safeguard's Rule - the dealership must oversee its relationships with vendors
 - Execute contracts with vendors requiring them to comply with the Safeguard's Rule.
 - Require acceptable references from vendors.
 - Monitor the relationships and reevaluate them if it seems that the vendor is not complying with the rule.
4. Developing a written security program and training your employees to follow it.
 - The security program must be written.
 1. Most programs range from 20-30 pages.
 2. Most programs consist of three parts: Overview; Policies & Procedures; and Appendices
 - It should cover each dealership area where non-public customer information is handled.
5. Planned updates and reviews of your program.
 - The program should be updated whenever:
 1. operations change;
 2. physical layouts change;
 3. weaknesses are identified; or
 4. better methods are discovered.
 - The program should be reviewed a minimum of once per year.

NADA recommends that you have your program reviewed by a law firm or accounting firm. A review will indicate where your program might be weak or lacking.