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ITPP (Red Flag Rule) Implementation Deadline is August 1, 2009.

With our Red Flag Manual, you can feel confident in your ITPP program very quickly utilizing the compiled templates, guidelines, examples and information.

Our goal is to make this new program less frustrating for your team by utilizing the information compiled by our team of experienced consultants and trainers.

Included below are a few reasons why your accounting program and adverse action reports will not be sufficient for compliance.

Article from **Dealer Magazine**

(http://www.imakenews.com/dealercomm1/e_article001105602.cfm?x=bcJmc4j,b489V15p)

May 27, 2008

Vetting your Red Flags rule provider

by Gil Van Over

7 General Guidelines:

Policy – The Red Flag Rule requires that the dealer have a written policy that outlines the program and the processes within the dealership.

Train – You are required to train your employees in your program and the processes within your program. To protect yourself, you should keep track of which employees were trained and when the training was administered.

Detect – The RFR provides a list of potential Red Flags and while the rule does not require that a dealer develop a program that incorporates the detection of each of these potential red flags, try explaining why you didn't if it would have flagged a transaction.

Prevent – Dealers are simply required to have processes in place to help prevent identity theft from occurring in a transaction at their dealership. Most ID theft experts agree that asking out-of-wallet questions provides a higher degree of prevention than simple comparing application data to credit bureau data.

Mitigate – If a security breach happens at your dealership, you will be required to mitigate the damage to the consumer.

Oversight – The owner, or Board of Directors, is required to approve the initial program, ensure oversight of the development, implementation and administration of the program, straining staff and overseeing service provider agreements.

Ensure – The RFR requires that dealers ensure the program is updated periodically, the program is tested for sufficiency and an annual written report is provided to the owner of the dealership on an annual basis.

Why You Need Red Flag Rule Help - Page 2

Portions of article from - September 2008 – Auto Dealer Monthly
~ Kimberly Long, Assistant Editor

The new regulation requires each financial institution or creditor – and the rule specifically includes automobile dealers in its definition of “creditor” – to have “a written Identity Theft Prevention Program (ITPP) that is designed to detect, prevent, and mitigate identity theft” in place.

Consequences of non-compliance

Penalties for non-compliance are stiff. A knowing violation of the regulation results in a \$2,500 civil penalty for each violation, and “each violation” could potentially be interpreted as being one violation per customer. If the dealer is unfortunate enough to receive a “cease and desist” letter from the FTC, they could be facing additional penalties up to \$11,000 per violation. If that weren’t frightening enough, there is the possibility of individuals being able to bring claims under their state unfair and deceptive acts and practices laws (UDAP), and many of those UDAP laws interpret a violation of a federal rule as being a violation of state law as well and can have attorney’s fees and damages.

In order to be as prepared as possible for any potential allegations of non-compliance, dealers should make sure they keep on file any and all information they accumulate about the “Red Flags” Rule and their ITTP, not just the reports filed with the board or senior management. “Any research [dealers have] done, they need to keep in a folder, anybody they’ve consulted with—they need to keep that information because that information is evidence that they did what they were supposed to.”

No single ITTP will work for every dealership. There is no shortcut to going through the steps. Your program needs to be custom-made for your particular dealership. The rule is not a one-size-fits-all rule; it’s not designed to be.

It is up to the dealership to become compliant; it has to embrace the policies and procedures.

V. Detecting and Evaluating Red Flags

Policies and Procedures for Detecting and Evaluating Red Flags at the Transaction Level

1. ***Identification Verification Procedures.*** The Program Coordinator will develop an ITTP Origination Checklist (attached as Appendix D) to be used by Covered Staff responsible for verifying customers’ identities each time a Covered Account is opened. The ITTP Origination Checklist will be completed with each credit application, and maintained with the credit application in the deal jacket or dead credit file, as applicable. The Program Coordinator will update such ITTP Origination Checklist from time to time as necessary to comply with the terms of this ITTP.

Our product and can be easily customized to your needs.

In addition to explanations and descriptions taken from many articles, we have compiled information from trusted sources as examples and guidelines to assist your dealership in implementing a ITTP program along with template forms we provide your dealership in order to customize your program. Our compiled guidelines and examples will help guide your dealership through this process with more ease and confidence to be compliant with the FTC Red Flag Rule to be in place and operational by August 1st 2009.

We offer many consulting and training services to the automotive industry and take much pride in the wide range of services and products with which we can assist your dealership. To learn more about our services and staff, please call us at 800.577.8015 or visit our website at www.PremierPerformanceGroup.com.