

## RED FLAGS RULE

- DOES NOT APPLY IF CREDIT IS NOT PULLED OR REPORTED
- ADOPT WRITTEN POLICY
- HAVE EMPLOYEES READ AND ACKNOWLEDGE
- OBTAIN AGREEMENTS FROM SERVICE PROVIDERS AND CONTRACTORS
- GO TO [NIADA.COM](http://NIADA.COM) FOR MORE INFORMATION
- COMMERCIAL PRODUCTS AND TRAINING

## OVERVIEW OF RED FLAGS RULE

THE FEDERAL TRADE COMMISSION AND THE FEDERAL FINANCIAL INSTITUTION REGULATORY AGENCIES HAVE PUBLISHED FINAL RULES ON IDENTITY THEFT “RED FLAGS” AND ADDRESS DISCREPANCIES. THE FINAL RULES IMPLEMENT SECTIONS 114 AND 315 OF THE FAIR AND ACCURATE CREDIT TRANSACTIONS ACT OF 2003.

THE FINAL RULES REQUIRE EACH FINANCIAL INSTITUTION AND CREDITOR THAT HOLDS ANY CONSUMER ACCOUNT, OR OTHER ACCOUNT FOR WHICH THERE IS A REASONABLY FORESEEABLE RISK OF IDENTITY THEFT, TO DEVELOP AND IMPLEMENT AN IDENTITY THEFT PREVENTION PROGRAM (PROGRAM) FOR COMBATING IDENTITY THEFT IN CONNECTION WITH NEW AND EXISTING ACCOUNTS. THE PROGRAM MUST INCLUDE REASONABLE POLICIES AND PROCEDURES FOR DETECTING, PREVENTING, AND MITIGATING IDENTITY THEFT AND ENABLE A FINANCIAL INSTITUTION OR CREDITOR TO:

1. IDENTIFY RELEVANT PATTERNS, PRACTICES, AND SPECIFIC FORMS OF ACTIVITY THAT ARE “RED FLAGS” SIGNALING POSSIBLE IDENTITY THEFT AND INCORPORATE THOSE RED FLAGS INTO THE PROGRAM;
2. DETECT RED FLAGS THAT HAVE BEEN INCORPORATED INTO THE PROGRAM;
3. RESPOND APPROPRIATELY TO ANY RED FLAGS THAT ARE DETECTED IN ORDER TO PREVENT AND MITIGATE IDENTITY THEFT; AND
4. ENSURE THE PROGRAM IS UPDATED PERIODICALLY TO REFLECT CHANGES IN IDENTITY THEFT RISKS.

THE AGENCIES ALSO ISSUED GUIDELINES TO ASSIST FINANCIAL INSTITUTIONS AND CREDITORS IN DEVELOPING AND IMPLEMENTING A PROGRAM, INCLUDING A SUPPLEMENT THAT PROVIDES EXAMPLES OF RED FLAGS. THE FINAL RULES REQUIRE USERS OF CONSUMER REPORTS TO DEVELOP REASONABLE POLICIES AND PROCEDURES TO APPLY WHEN THEY RECEIVE A NOTICE OF ADDRESS DISCREPANCY FROM A CONSUMER REPORTING AGENCY.

THE FINAL RULEMAKING WAS ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL TRADE COMMISSION, THE NATIONAL CREDIT UNION ADMINISTRATION, THE OFFICE OF THE COMPTROLLER OF THE CURRENCY, AND THE OFFICE OF THRIFT SUPERVISION. DEALERS MAY WISH TO CONSULT WITH THEIR LEGAL COUNSEL OR OTHER PROFESSIONAL CONSULTANTS TO ENSURE THAT THEIR DEALERSHIP POLICIES ARE APPROPRIATE AND IN COMPLIANCE WITH APPLICABLE FEDERAL AND STATE LAWS, RULES AND REGULATIONS. THE INFORMATION CONTAINED IN THIS DOCUMENT AND THE ADDITIONAL MATERIALS PROVIDED ARE FOR GENERAL INFORMATION PURPOSES ONLY AND SHOULD NOT BE CONSIDERED AS LEGAL ADVICE.

## DEALERSHIP IDENTITY THEFT RED FLAGS AND NOTICES OF ADDRESS DISCREPANCY POLICY

THIS PLAN WE ADOPTED BY Herman Ford (BOARD OF DIRECTORS, OWNER, MEMBER, PARTNER, ETC.) ON 08/01/2014 (DATE).

### OUR PROGRAM COORDINATOR

WE HAVE APPOINTED Don Haynes AS THE PROGRAM COORDINATOR OF OUR DEALERSHIP'S IDENTITY THEFT RED FLAGS AND NOTICES OF ADDRESS DISCREPANCY POLICY PROGRAM. THE PROGRAM COORDINATOR WILL REPORT TO Herman Ford, THE Owner OF THE DEALERSHIP. IN THE EVENT THE PROGRAM COORDINATOR CEASES TO BE EMPLOYED BY THE DEALERSHIP OR IS UNABLE TO PERFORM HIS/HER RESPONSIBILITIES, Robert Raney SHALL ASSUME THE RESPONSIBILITIES OF THE PROGRAM COORDINATOR UNTIL A NEW PERMANENT PROGRAM COORDINATOR IS APPOINTED.

### THE PROGRAM COORDINATOR'S RESPONSIBILITIES

IT IS THE PROGRAM COORDINATOR'S RESPONSIBILITY TO DESIGN, IMPLEMENT AND MAINTAIN POLICIES AND PROCEDURES AS HE/SHE DETERMINES TO BE NECESSARY FROM TIME TO TIME TO IDENTIFY "RED FLAGS" AND NOTICES OF ADDRESS DISCREPANCY AS DEFINED THE FACT ACT OF 2003 AND THE FTC'S IMPLEMENTING REGULATIONS AND AS IDENTIFIED IN AN AUDIT OF DEALERSHIP PRACTICES AND EXPERIENCE.

SPECIFIC RESPONSIBILITIES THAT HAVE BEEN DELEGATED TO THE PROGRAM COORDINATOR INCLUDE:

- IDENTIFYING AND ASSESSING THE RISKS OF IDENTITY THEFT AND DISCOVERY OF ADDRESS DISCREPANCIES IN EACH RELEVANT AREA OF THE DEALERSHIP'S OPERATION, AND EVALUATING THE EFFECTIVENESS OF CURRENT SAFEGUARDS THAT HAVE BEEN IMPLEMENTED TO CONTROL THESE RISKS AND TO RESPOND TO SITUATIONS IN AN APPROPRIATE FASHION.
- DESIGNING AND IMPLEMENT POLICIES AND PROCEDURES THAT ARE APPROPRIATE FOR THE SIZE AND COMPLEXITY OF OUR DEALERSHIP AND ITS OPERATIONS, THE NATURE AND SCOPE OF OUR ACTIVITIES AND THE SENSITIVITY OF THE CUSTOMER INFORMATION WE COLLECT, STORE AND SHARE WITH OTHERS.
- REGULARLY MONITORING AND TESTING THE POLICIES AND PROCEDURES FOR COMPLIANCE WITH ALL APPLICABLE LAW AND TO DETERMINE THE EFFECTIVENESS OF OUR PROCEDURE IN PREVENTING IDENTITY THEFT.
- ASSISTING WITH THE SELECTION OF APPROPRIATE SERVICE PROVIDERS THAT ARE CAPABLE OF MAINTAINING SAFEGUARDS TO PROTECT AGAINST IDENTITY THEFT AND REVIEWING SERVICE PROVIDER CONTRACTS TO ENSURE THAT EACH MAINTAINS APPROPRIATE PROCEDURES FOR IDENTIFYING AND RESPONDING TO SITUATIONS INVOLVING IDENTITY THEFT.
- EVALUATING AND ADJUSTING THE DEALERSHIP'S POLICY OR TO A NOTICE OF ADDRESS DISCREPANCY PROCEDURE IN LIGHT OF RELEVANT CIRCUMSTANCES, INCLUDING CHANGES TO THE DEALERSHIP'S

OPERATIONS, BUSINESS RELATIONSHIPS, TECHNOLOGICAL DEVELOPMENTS AND/OR OTHER MATTERS THAT MAY IMPACT THE SECURITY OR INTEGRITY OF THE DEALERSHIP'S CUSTOMER INFORMATION AND RESPONSE TO IDENTITY THEFT OR A NOTICE OF ADDRESS DISCREPANCY.

PURSUANT TO THE FACT ACT AND THE REGULATION ADOPTED BY THE FTC, THE PROGRAM COORDINATOR WILL ALSO BE THE CONTACT PERSON FOR LAW ENFORCEMENT AGENCIES TO COMMUNICATE POSSIBLE SITUATIONS OF IDENTITY THEFT. UPON RECEIVING A REQUEST FOR INFORMATION FROM ANY LAW ENFORCEMENT AGENCY, THE PROGRAM COORDINATOR WILL:

- PROVIDE THE LAW ENFORCEMENT AGENCY WITH HIS/HER NAME, TITLE, AND APPROPRIATE CONTACT INFORMATION, SUCH AS A MAILING ADDRESS, E-MAIL ADDRESS, TELEPHONE NUMBER AND FACSIMILE NUMBER, AND NOTIFY THE LAW ENFORCEMENT AGENCY PROMPTLY OF ANY MODIFICATIONS WITH RESPECT TO CONTACT INFORMATION.
- IF THE DEALERSHIP HAS IDENTIFIED POSSIBLE IDENTITY THEFT OR BECOMES AWARE OF AN ADDRESS DISCREPANCY, THE PROGRAM COORDINATOR WILL SEND A REPORT TO THE CUSTOMER, AS NECESSARY, AND TO THE APPROPRIATE LAW ENFORCEMENT AGENCY THAT CONTAINS: 1) THE NAME OF THE INDIVIDUAL, ENTITY OR ORGANIZATION; 2) THE ACCOUNT NUMBERS OR, IN THE CASE OF TRANSACTIONS, THE DATE AND TYPE OF EACH TRANSACTION; AND 3) THE SOCIAL SECURITY NUMBER, TAXPAYER IDENTIFICATION NUMBER, PASSPORT NUMBER, DATE OF BIRTH, ADDRESS, OR OTHER PERSONAL IDENTIFYING INFORMATION PROVIDED BY THE INDIVIDUAL OR ENTITY AT THE TIME OF THE TRANSACTION.

#### EMPLOYEE MANAGEMENT AND TRAINING

ALL CURRENT EMPLOYEES AND NEW HIRES, AS WELL AS INDEPENDENT CONTRACTORS WHO PROVIDE SERVICES TO OR THAT PERFORM SERVICES ON BEHALF OF THE DEALERSHIP, WILL:

- BE SUBJECT TO SATISFACTORY REFERENCE AND CONSUMER/CRIMINAL REPORT INVESTIGATIONS, WHERE APPROPRIATE.
- ONLY HAVE ACCESS TO CUSTOMER INFORMATION IF THEY HAVE A BUSINESS REASON FOR SEEING IT.
- PARTICIPATE IN THE DEALERSHIP'S PRIVACY POLICIES AND INFORMATION SECURITY STANDARDS AND IDENTITY THEFT AND NOTICE OF ADDRESS DISCREPANCY TRAINING PROGRAM AND ATTEND EDUCATION AND TRAINING SEMINARS ON A REGULAR BASIS, IF NOT OTHERWISE PROVIDED FOR BY ANY INDEPENDENT CONTRACTOR FOR ITS OWN EMPLOYEES.
- SIGN AND ACKNOWLEDGE HIS/HER AGREEMENT TO OUR DEALERSHIP'S STATEMENT OF PRIVACY POLICIES; INFORMATION SECURITY STANDARD; IDENTITY THEFT AND RED FLAGS; AND NOTICE OF ADDRESS DISCREPANCY POLICY.
- BE RESPONSIBLE FOR PROTECTING THE CONFIDENTIALITY AND SECURITY OF THE CUSTOMER INFORMATION OUR DEALERSHIP COLLECTS AND FOR USING THE INFORMATION IN ACCORDANCE WITH OUR POLICIES AND PROCEDURES.

- NOT BE PERMITTED TO POST PASSWORDS NEAR THEIR COMPUTERS OR SHARE PASSWORDS WITH ANY OTHER PERSON.
- REFER TELEPHONE CALLS OR OTHER REQUESTS FOR CUSTOMER INFORMATION TO THE PROGRAM COORDINATOR OR APPROPRIATE MANAGER WHEN SUCH REQUESTS ARE NOT RECEIVED WITHIN THE ORDINARY COURSE OF THE DEALERSHIP'S BUSINESS OR ARE FOR INFORMATION THAT THE EMPLOYEE IS NOT AUTHORIZED TO PROVIDE.
- DISCLOSE TO SERVICE PROVIDERS, MARKETERS OR ANY OTHER PARTIES ONLY THAT CUSTOMER INFORMATION WHICH IS NECESSARY TO COMPLETE A TRANSACTION INITIATED BY THE CUSTOMER AND/OR AS PERMITTED BY LAW. IF AN EMPLOYEE IS UNSURE AS TO WHETHER A SPECIFIC DISCLOSURE IS PERMITTED, HE OR SHE WILL BE INSTRUCTED TO CHECK WITH THE PROGRAM COORDINATOR OR APPROPRIATE MANAGER TO VERIFY THAT IT IS ACCEPTABLE TO RELEASE THE INFORMATION BEFORE DOING SO.
- BE REQUIRED TO NOTIFY THE PROGRAM COORDINATOR OR APPROPRIATE MANAGER IMMEDIATELY OF ANY ATTEMPTS BY UNAUTHORIZED PERSONS TO OBTAIN ACCESS TO CUSTOMER INFORMATION AND/OR IF ANY PASSWORD OR CUSTOMER INFORMATION IS SUBJECT TO UNAUTHORIZED ACCESS.
- ANY EMPLOYEE THAT FAILS TO ABIDE BY OUR POLICIES AND PROCEDURES, WHETHER SUCH FAILURE IS INTENTIONAL OR UNINTENTIONAL, WILL BE SUBJECT TO APPROPRIATE DISCIPLINARY ACTION, WHICH MAY INCLUDE TERMINATION OF EMPLOYMENT.
- WHEN AN EMPLOYEE CEASES TO BE EMPLOYED BY THE DEALERSHIP, HE/SHE WILL BE REQUIRED TO TURN IN ANY KEYS IN HIS/HER POSSESSION THAT PROVIDE ACCESS TO THE DEALERSHIP AND FILE CABINETS, DESKS, AND OFFICES IN THE DEALERSHIP; PASSWORDS AND SECURITY CODES, IF APPLICABLE, WILL BE DELETED; AND EMPLOYEES WILL NOT BE PERMITTED TO TAKE ANY CUSTOMER INFORMATION FROM THE DEALERSHIP.

#### OBTAINING CUSTOMER INFORMATION AND VERIFYING CUSTOMER IDENTITIES

THE FOLLOWING PROCEDURES WILL BE IMPLEMENTED WITH RESPECT TO OBTAINING CUSTOMER INFORMATION AND VERIFYING CUSTOMER IDENTITIES:

- FORMS UTILIZED BY THE DEALERSHIP REQUEST CUSTOMER INFORMATION, SUCH AS NAMES, ADDRESSES, TELEPHONE NUMBERS, BIRTH DATES, SOCIAL SECURITY NUMBERS, TAX IDENTIFICATION NUMBERS, AND DRIVER'S LICENSE AND INSURANCE INFORMATION, TO ENABLE THE DEALERSHIP TO VERIFY THE IDENTIFICATION OF ITS CUSTOMERS. IN ADDITION, CUSTOMERS MUST SIGN DOCUMENTATION, INCLUDING SWORN STATEMENTS IN SOME CASES, WHEREIN THE CUSTOMER REPRESENTS AND WARRANTS THAT HE/SHE IS THE PERSON IDENTIFIED IN THE DOCUMENTATION.
- EMPLOYEES WILL REQUEST TO SEE THE CUSTOMER'S DRIVER'S LICENSE OR OTHER FORM OF GOVERNMENT-ISSUED IDENTIFICATION BEARING A PHOTOGRAPH TO VERIFY THE CUSTOMER'S IDENTITY AND WILL MAKE A COPY OF THE SAME TO RETAIN IN THE CUSTOMER'S FILE. IF A BE REQUIRED TO



PROVIDE EMPLOYMENT INFORMATION AND REFERENCES AND MUST AUTHORIZE THE DEALERSHIP TO OBTAIN A CREDIT REPORT, ALL OF WHICH MAY BE UTILIZED TO VERIFY THE IDENTITY OF THE CUSTOMER AND BE USED TO CHECK FOR ANY NOTICE OF AN ADDRESS DISCREPANCY. EMPLOYEES MAY ALSO REQUEST COPIES OF THE CUSTOMER'S UTILITY BILLS, BANK OR CREDIT CARD STATEMENTS AND PAYCHECK STUBS.

- IN THE EVENT THAT CUSTOMER INFORMATION PROVIDED IS CONFLICTING OR CANNOT BE VERIFIED UPON FURTHER INQUIRY, EMPLOYEES SHALL REQUEST ADDITIONAL GOVERNMENT ISSUED DOCUMENTATION EVIDENCING THE CUSTOMER'S RESIDENCE AND BEARING A PHOTOGRAPH OR OTHER SAFEGUARD (I.E. A SOCIAL SECURITY CARD, ALIEN IDENTIFICATION CARD, OR PASSPORT) TO ENABLE EMPLOYEES TO FORM A REASONABLE BELIEF THAT THEY KNOW A CUSTOMER'S TRUE IDENTITY. WHEN APPROPRIATE, EMPLOYEES SHALL WRITE A SUMMARY OF THE MEANS AND RESULTS OF ANY MEASURES TAKEN TO IDENTIFY A CUSTOMER, INCLUDING THE RESOLUTION OF ANY DISCREPANCY IN THE IDENTIFYING INFORMATION OBTAINED. EMPLOYEES WILL BE INSTRUCTED TO NOTIFY THE PROGRAM COORDINATOR IF CUSTOMER INFORMATION STILL CANNOT BE VERIFIED, OR IF THE EMPLOYEES HAVE OBTAINED INFORMATION REGARDING AN ADDRESS DISCREPANCY THAT CANNOT BE EXPLAINED.
- PAPER AND ELECTRONIC RECORDS CONTAINING CUSTOMER INFORMATION AND RELEVANT TO THE DEALERSHIP'S IDENTITY VERIFICATION PROCESS WILL BE RETAINED BY THE DEALERSHIP IN ACCORDANCE WITH FEDERAL AND STATE RECORD RETENTION REQUIREMENTS. UPON THE EXPIRATION OF THE APPROPRIATE RETENTION PERIOD, ANY SUCH RECORDS WILL BE DISPOSED OF IN A SECURE MANNER IN ACCORDANCE WITH THE DEALERSHIP'S INFORMATION SECURITY STANDARDS.

#### SELECTION AND OVERSIGHT OF SERVICE PROVIDERS

AT LEAST ANNUALLY, THE PROGRAM COORDINATOR WILL REPORT TO (BOARD OF DIRECTORS, OWNER, MEMBER, PARTNER, ETC.) REGARDING:

1. THE EFFECTIVENESS OF THE PROGRAM
2. EXPLAINING "SIGNIFICANT EVENTS" INVOLVING IDENTITY THEFT AND MANAGEMENT'S RESPONSE TO ANY INCIDENT
3. PROVIDING RECOMMENDATIONS FOR SUBSTANTIVE/MATERIAL CHANGES TO THE POLICIES AND PROCEDURES DUE TO EVOLVING RISKS AND METHODS OF IDENTITY THEFT.