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The Gramm-Leach-Bliley Act

Identity theft is the fastest growing crime in America. With the proliferation of identity thieves targeting auto dealerships, one poster on an online forum I frequent was bemoaning the realization that he had to spend a lot of extra time on each deal to make sure the people across from him in the F&I Office were not identity thieves. Amazingly, our esteemed politicians foresaw this tidal crime wave and passed legislation in the last century designed to protect us today.

The Gramm-Leach-Bliley Act (GLB) contains two components that turned into Rules. Financial institutions (read auto dealerships) must comply with: the Privacy Rule and the Safeguards Rule.

Privacy Rule

A dealership must provide the consumer with a copy of the dealership's privacy policy as soon as non-public personal information (NPI) is obtained from the consumer. (Note: don't get caught up in the differences between a consumer and a customer. Just treat NPI from anyone the same.)

Fortunately, the NADA worked with the Feds to create a notice that contains safe-harbor language.

Use the language in the notice, give a copy of your notice every time you make a copy of someone's driver's license or obtain any NPI, and you have fulfilled your obligation...under the Privacy Rule.

Safeguards Rule

In a somewhat backwards move, the Safeguards Rule was implemented after the Privacy Rule, yet the language in the privacy notice references "state and federal laws", of which the Safeguards Rule is one of.

Essentially, you must establish a program designed to deter identity theft in your dealership. The five required components are:

- Designate a compliance officer
- Conduct a risk assessment
- Develop an Information Security Program based on the risk assessment
- Provide regular and periodic training and audits of the program
- Oversee service providers

The Privacy Rule has been in effect since July 1, 2001 and the Safeguards Rule since May 23, 2003. At a potential fine of \$10,000 per day for non-compliance, the penalties are stacking up if you haven't implemented your program.

The next Act in our journey to see what compliance looks like is the Fair and Accurate Credit Transactions Act. Until next week, good luck and good selling.

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