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Ten days and counting

by Gil Van Over

You have 10 days left in the month. Two-thirds of your selling days are behind you. You are preparing for the month-end push and most dealers I am speaking with report that sales are starting to rebound, if ever so slightly.

Hopefully you can concentrate on the month-end sales push because you already have your Red Flags Rule in place!

If you don't, here are the down and dirties that you must now spend time to put into place before May Day.

Program Set Up
A good portion of your next 10 days will be devoted to setting up an identity theft deterrent program as required of auto dealers under the Red Flags Rule.

At the latest, on May Day, you will have to begin vetting each transaction against your prevention and detection process. I will discuss that next week.

Today, you have to set up that process.

Risk Assessment
Start with a risk assessment. First, review the list of potential red flags the Feds identified when they put this Rule together. You can find some potential red flags in an FTC publication at www.ftc.gov/redflagsrule. Include all applicable red flags in your policy.

Second, review all known previous experiences with identity theft within your organization, successful and failed. Review those experiences for any red flags that could have tipped you off to the theft.

Finally, consider known local market conditions. For example, I am writing this from the Pacific Time zone. The metro market I am in has a city about 30 miles from town that is known as a large meth lab city. Many identity thieves are meth heads. Consider including a closer review of online credit applications from a town like this.

Policy
Once you complete the risk assessment, write a policy. You can find templates from a number of sources. Pick one and customize it to your operations.

Remember that the owner must approve the policy in writing. Retain this approval in your compliance binder along with the risk assessment and the policy.

Train
After you policy has been written and approved, train all your Sales, F&I and Office Managers in the policy. Keep a log of who attended the training and have the managers sign an acknowledgement form.

You are now compliant with the planning stage of the Red Flags Rule.

Now comes the hard part: applying change to your process. We'll discuss next week.

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