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They did it again

by Gil Van Over

They said they weren't going to do it, but they did. They said they meant it this time but they didn't. The Federales extended the enforcement period again, this time until June 1, 2010.

Do Not accept this latest enforcement delay as an excuse to back off implementing your Red Flags Rule program. Here's why.

First, delaying the enforcement deadline only means the Federales will not be out actively looking for violators. The FTC experts I speak with about the agency tell me that the agency's enforcement division is understaffed and does not have the capability to be actively looking for violators anyway. So even if the deadline had not been delayed, the likelihood of the FTC knocking on your door wanting to confirm that you have a Red Flags Rule program in place was thin at best.

Rather, the FTC waits until a violation becomes known, then sweeps in. It will likely wait until a victim comes forward, likely a member of a protected class, with enough noise about his or her identity being used to purchase a vehicle or ten, and then start an investigation.

Guess what...the FTC can do that today, even with the enforcement delay. After all, the Rule is the Law and you are at risk if you do not have a program in place and someone buys a vehicle from you with someone else's identity.

Second, it makes good business sense to have a program in place. Consider these points:

- Most of the lenders you do business with are now complying with the Rule and will be vetting each transaction against the Rule.
- It is an extension of your asset management. If you sell a vehicle to an identity theft that you should have caught with a minimal amount of due diligence, good luck get your asset back or your insurer to make you whole.
- Use it as a selling point during the rapport building process. Consumers want to know that you take information security, specifically theirs, serious.

Continued good luck and good selling.

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