



Can a BHPH Customer be a Victim of Identity Theft?

by Lisa Asbell

You bet they can! I met a man at the NADA convention in February who certainly felt enlightened after a five-minute conversation with me on the subject of identity theft. Before our conversation he thought because his customers have sub-standard credit, they did not have to worry about identity theft. He is a believer now!

I travel the country educating car dealers about identity theft and the related laws promulgated by the FTC. One huge misconception with BHPH dealers is that their customers cannot be victims of identity theft.

They certainly can and here's why. There are five types of identity theft. In fact, financial identity theft only accounts for 30 percent of identity theft-related crimes, so says the FTC.

The five types of identity theft are:

- Criminal/character – someone commits a felony using your name
- Financial – new credit cards, buying homes and cars in your name
- Medical – stealing your health insurance information and using it for a surgery
- Driver's license – getting traffic tickets in your name
- Social Security – getting a job in your name and not paying taxes

So even though your average customer has terrible credit, they still need to be educated about all areas of identity theft. There is also a case for adding identity theft coverage for the buyer on every car you sell. This serves a dual purpose. It protects the customers in case they become victims of identity theft and it serves as mitigation for the store if your clients become victims of identity theft due to a data breach in your store.

What does the FTC say about your responsibility in protecting customer information? If you read closely the Gramm Leach Bliley Act and the Safeguard Rules, all BHPH dealers are considered "financial institutions." That means by law you are required to have a security plan in place to protect your customers' information, even though it is possible no one would want his/her financial identity.

What is a security plan? It is a written plan for protecting customer information. Do you currently have a security plan? Is it written? If I were an agent from the FTC and I

came to your lot today, could you pull a three-ring binder off a shelf and prove to me that you have a security plan? Have you trained your employees? Is it documented? If you trained them yourself, what are your credentials? Are you an identity theft expert?

I don't think that now is the time to take these laws lightly. The fine for non-compliance can be up to one million dollars and 10 years in jail. The FTC is getting more serious about ensuring dealers are in compliance with these laws. Leading dealership attorney Tom Hudson says, "I would not be surprised if 80 percent of car dealers are not compliant with privacy laws." I think it is time to get serious. It really is simple to start building a compliance program. Obtain an outside expert to train employees and hire a privacy/security attorney to draw up the written plan. There are other steps but this is certainly a good place to start.

The FTC reports that identity theft related crimes will get 20 times worse over the next 20 months. Believe me when I tell you that the FTC is auditing dealerships for non-compliance.

You must take this seriously. I realize the law went into effect almost four years ago, however, identity theft was a little known crime at the time. Did you know that back then 70 percent of identity theft came from individual thefts like dumpster diving, shoulder surfing and e-mail scams? Guess what? Today 70 percent of identity theft related crimes come from company databases due to corrupt or careless employees. Don't you think that there may be a lawsuit against you if it happens in your dealership? Don't you think it is wise to train your employees and have them sign confidentiality statements?

Every day you delay putting a plan in place and training your employees, your liabilities increase by \$11,000 per violation, per day. It just makes sense to pay on the front end instead of the back end, doesn't it? Just do it – do it today.

Lisa Asbell is president of Identity Theft Resolutions. She is a certified identity theft risk management specialist. She provides free onsite identity theft training in dealerships across America.

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