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714.832.5741

Board Meeting

If interested in serving on the board or a committee, please RSVP and join us! Call the ADOMA office to participate!

Saturday, September 21st
10AM—12NOON

Location:

Community Chevrolet
200 West Olive Ave.,
Burbank, CA 91502
Contact: Nellie Gabourel

Is Your Red Flags Program up to date?

Christian J. Scali, P.C.

The Scali Law Firm turday, October 26, 2013



On June 12, 2013, the FTC issued a revised business guide on the Red Flags Identity Theft Rule. Recently, the California New Car Dealers Association issued a reminder about the importance of updating your Red Flags Identity Theft Program. The FTC and the CNCDA identify four parts to Red Flags Rule compliance. Those four parts really have eight components, as follows:

1. Appoint a Red Flags Administrator;
2. Conduct a Risk Assessment;
3. Create a written Red Flags Program;
4. Have the Board of Directors approve the Red Flags Program;
5. Train appropriate dealership personnel;
6. Monitor service providers;
7. Update the program annually; and
8. Periodically report to the Board of Directors.

This article identifies practical issues dealers should be aware of in updating their Red Flags Compliance Programs. The following comments are born of pitfalls I've seen in dealer Red Flags Programs.

First, choose the right person to implement, administer and update your program. Too often, dealers simply drop this role onto the HR Manager, the Business Manager or the CFO of the dealership where it is treated as an ugly step-child, not worthy of the time and attention of that already over-burdened manager. By law, however, the Board, or a senior management employee it designates, must assign specific responsibility for the program's implementation, review staff reports about compliance with the Rule, and approve important changes to your program. Accordingly, the role of administrator should be given to someone who treats the Red Flags Program as seriously and conscientiously as any of his or her other responsibilities and who has the background necessary to understand the issues.

Continued page 5



SEPTEMBER MEETINGS

**Four Chapters Meet Monthly!
Serving the Valley, Los Angeles,
Orange County and Inland Empire**

Chapter Meeting Topic

RED FLAGS

So You Think You're Compliant?

Presented by:

Sue Wilschke of Automotive Compliance Consultants, Inc.
and Christian Scali of The Scali Law Firm

The Red Flags Rule was put in place since 2003, and you went right to work on it. You put your dealership's Red Flags program in place back when everyone was going to Red Flags seminars, hiring attorneys and consultants to write the manuals, and generally scrambling to get it done.

The rule wasn't enforced until June 2010, and the urgency melted away. Credit bureau providers and the like developed electronic Red Flags programs to make life easier for dealership. Voila! The dealership is covered, and you're compliant!

Speakers:

Sue Wilschke of Automotive Compliance Consultants, Inc. and **Christian Scali** of The Scali Law Firm will provide you with the information you need to bring your dealership into compliance.

Make your reservation now to attend one of the four ADOMA Chapter meetings in September for this important information.

Not So Fast! CNCDA recently published a Red Flags reminder about the importance of updating your Red Flags Identity Theft Protection Program (ITPP). Many dealerships have gotten a little too comfortable over time and have let the rules begin to slip. Identity Thieves continue to target automotive dealerships.



ADOMA
MINI CONFERENCE
"Navigating the Future"
Saturday, October 26th

Watch your email and check online for registration
and sponsorship info - www.adoma.org

REGISTRATION INFORMATION
NEXT PAGE—Register directly
to the chapter contact.



Registration Information for Chapter Meetings Here

◆ LOS ANGELES (3rd Wednesday)

Date: Wednesday, September 18th

Time: Social 6:00 PM, Dinner & Program 6:30 PM

Cost: \$35.00 Members & Spouses, \$45.00 Guests

Location: **Stevens Steak & Seafood House**
5332 Stevens Place,
City of Commerce

Register by Sept. 16th by phone, fax, email or our website at www.adoma.org All reservations not honored will be billed for the full meal fee. **Make checks payable to ADOMA-LA:**

ADOMA-LA
c/o Margie Villegas
Caruso Ford Lincoln Mazda
3600 Cherry Ave.,
Long Beach, CA 90807-4302
Tel: 562-308-4244
Email: mvillegas@pacificford.com

◆ INLAND EMPIRE (4th Tuesday)

Date: Tuesday, September 24th

Time: Social 5:30 PM, Dinner & Program 6:30 PM

Cost: \$35.00 Members & Spouses, \$45.00 Guests

Location: **Sizzler (Banquet Room)**
6631 Clay, Riverside
(Van Buren & Clay)

Register by Sept. 20th by phone, fax, email or our website at www.adoma.org All reservations not honored will be billed for the full meal fee. **Make checks payable to ADOMA-IE:**

ADOMA-IE
c/o Veronica Tafolla
Metro Honda—Montclair
9399 Autoplex Dr.,
Montclair, CA 91763
Tel: 909-625-5000
Email: vtafolla@metrohonda.com

◆ ORANGE COUNTY (3rd Thursday)

Date: Thursday, September 19th

Time: Social 5:30 PM, Dinner & Program 6:00 PM

Cost: \$35.00 Members & Spouses, \$45.00 Guests

Location: **Black Angus Restaurant**
1350 N. Tustin Ave.,
Santa Ana, CA 92701

Register by Sept. 17th by phone, fax, email or our website at www.adoma.org All reservations not honored will be billed for the full meal fee. **Make checks payable to ADOMA-OC:**

ADOMA-OC
c/o Sherri Johnson
Allen Cadillac GMC
28332 Camino Capistrano,
Laguna Niguel, CA 92677
Tel: 949/485-3700— Fax 949/364-0110
Email: sjohnson@allenautos.com

◆ VALLEY (4th Thursday)

Date: Thursday, September 26th

Time: Social 6:00 PM, Dinner & Program 6:30 PM

Cost: \$35.00 Members & Spouses, \$45.00 Guests

Location: **Mimi's**
400 Moorpark Rd.
Thousand Oaks, CA 91360
Tel: 805-432-6878

Register by Sept. 24th by phone, email or our website at www.adoma.org All reservations not honored will be billed for the full meal fee. **Make checks payable to ADOMA:**

ADOMA
c/o Jackie Baker
KIA of Ventura
6424 Auto Center Dr., Ventura, CA 93003
Tel: 805/644-2241
Email: jbaker@kirbyautogroup.com

ADOMA CHAPTER MEETING REGISTRATION

Online RSVP and credit card payment available at www.adoma.org or contact a chapter directly.

Name: _____ Guest: _____

Company: _____

Phone: _____ Email: _____

Chapter: ___ Los Angeles ___ Orange County ___ Inland Empire ___ Valley

Check # _____ Amount \$ _____ Send payment to chapter contact noted above.

Questions, contact ADOMA at 714.832.5741

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MAJOR BANK CREDIT CARD		✓		✓			
PROPRIETARY TANKS		✓		✓	✓		
OTHER FLEET CARD		✓	✓		✓		

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Red Flag's article continued from cover page.

Christian J. Scali, P.C.
The Scali Law Firm

A good candidate for this person is each dealership's Finance Director, because the Red Flags Administrator will be required to communicate with auto finance companies, which are often the drivers of Red Flags Rule compliance. The Finance Director has likely been involved and various times in his or her career with ID theft issues and should know a bit about the way ID theft occurs and the flaws in dealership processes that allowed it to happen. A checklist of responsibilities for the Red Flags Administrator along with an acceptance of those responsibilities and approval by the Board of Directors is helpful.

Second, the Rule requires that you train relevant staff. The nature and extent of that training differs, but the training has to have a correlation to the way the dealership does business; it is generally not a "one size fits all" approach. Time and effort should be put into determining the nature of the training the Red Flags Administrator and other staff should receive. Some computerized compliance software programs provide basic Red Flags Program modules, but these should be customized and tailored to each dealership before they can be relied on for compliance.

Third, determine which types of accounts are subject to the Red Flags Rule. Consumer credit and lease transactions are always covered. This assessment is aimed at identifying all business and commercial credit and lease transaction practices (including business and fleet parts and service accounts) to determine whether these transactions can predictably result in vehicles, parts, or services being sold on credit or leased to an identity thief. Ultimately, this is a judgment call. But additional procedures must be laid out for each type of transaction. It is a good idea to have a checklist and certification form.

Fourth, the Red Flags Program should be customized, based on each type of covered account or transaction that your dealership has and your particular experiences with ID theft in the past. It should identify your specific risk factors and sources of red flags. Too often, I see Red Flags Programs that are generalized and have not been updated to reflect recent experiences with ID theft.

With the FTC's recent interest in the Red Flags Rule, it is more important than ever to have an effective, customized and updated Red Flags Program. Speak to your knowledgeable dealer attorney to find out how to craft an updated program.

Christian Scali has a diverse practice that includes advertising, consumer finance, consumer product safety, data security, employment advice and counsel and litigation, employee mobility, franchise, privacy, trade secret protection and intellectual property litigation. He provides advice and counsel and litigates simple to complex and class actions on behalf of his auto dealer clients.



Mr. Scali is known throughout the state of California for his work on behalf of the retail automotive industry on the Defense Steering Committee in the massive automobile consumer leasing lawsuit against the entire California retail automotive leasing industry, *In re Vehicle Lease Document Cases*.

Christian J. Scali, a P.C.
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www.scalilaw.com

ADOMA
MINI CONFERENCE
"Navigating the Future"
Saturday, October 26th
9 AM to 4 PM
The Automotive Partners Building
Southland Motor Car Dealers Association
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SC FUELS
 page 4

POTTS & ASSOCIATES
 page 7

We appreciate your advertising support!



UPCOMING EVENTS

September 2013
 Four Chapter Meetings
 "Red Flags"

October 2013
 Saturday, October 26, 2013
 ADOMA MINI EDUCATION
 CONFERENCE

November 2013
 Four Chapter Meetings
 Shawn Kelly of American Fidelity – FSA
 Accounts 125k plans

SEPTEMBER ISSUE

Educational Meetings for Controllers,
 Business & Office Managers in the
 Southern California Area.

ADOMA provides a forum for education and
 the exchange of ideas and information
 to improve the administration of the
 automotive industry.

Chapter Board of Directors

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