



Safeguarding Your Reputation: Compliance with Annual Reporting

Presenter: Adam Crowell, Vice President of Legal and Corporate Development

Today's Presenter

Safeguarding Your Reputation: Compliance with Annual Reporting



Adam Crowell

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KPA

Adam is a licensed practicing attorney and former litigator with over 20 years of experience – primarily representing dealerships.

Adam is a frequent speaker on the local, state, and national levels, including presentations to the National Automobile Dealers Association (NADA), the National Independent Auto Dealers Association (NIADA), and the National Association of Dealer Counsel (NADC).

Disclaimer

The contents of this presentation are intended to convey general information only and not to provide legal advice or opinions. The information provided herein should not be construed as, and should not be relied upon, for legal advice in any particular circumstance or factual situation. No action should be taken in reliance on the information contained herein and we disclaim all liability in respect to actions taken or not taken based on any, or all of, the contents of this presentation to the fullest extent permitted by law. Your attorney should be contacted for advice on specific legal issues.

FTC Safeguards Rule Revisions

New Provisions Effective June 9, 2023

- Revised to better protect the American public from breaches and cyberattacks that lead to identity theft and other financial losses
- Among other things, the FTC added new training, technical, and document requirements for safeguarding customer information (CI)
- Up to \$51,744 per violation



Document Requirement – Annual Report

Due Date

- Effective June 9, 2023:
 - “*** Require your Qualified Individual to report in writing, regularly and at least annually, to your board of directors or equivalent governing body. If no such board of directors or equivalent governing body exists, such report shall be timely presented to a senior officer responsible for your information security program.***”
- First report due no later than June 8, 2024



Document Requirement – Annual Report

Contents

The report shall include the following information:

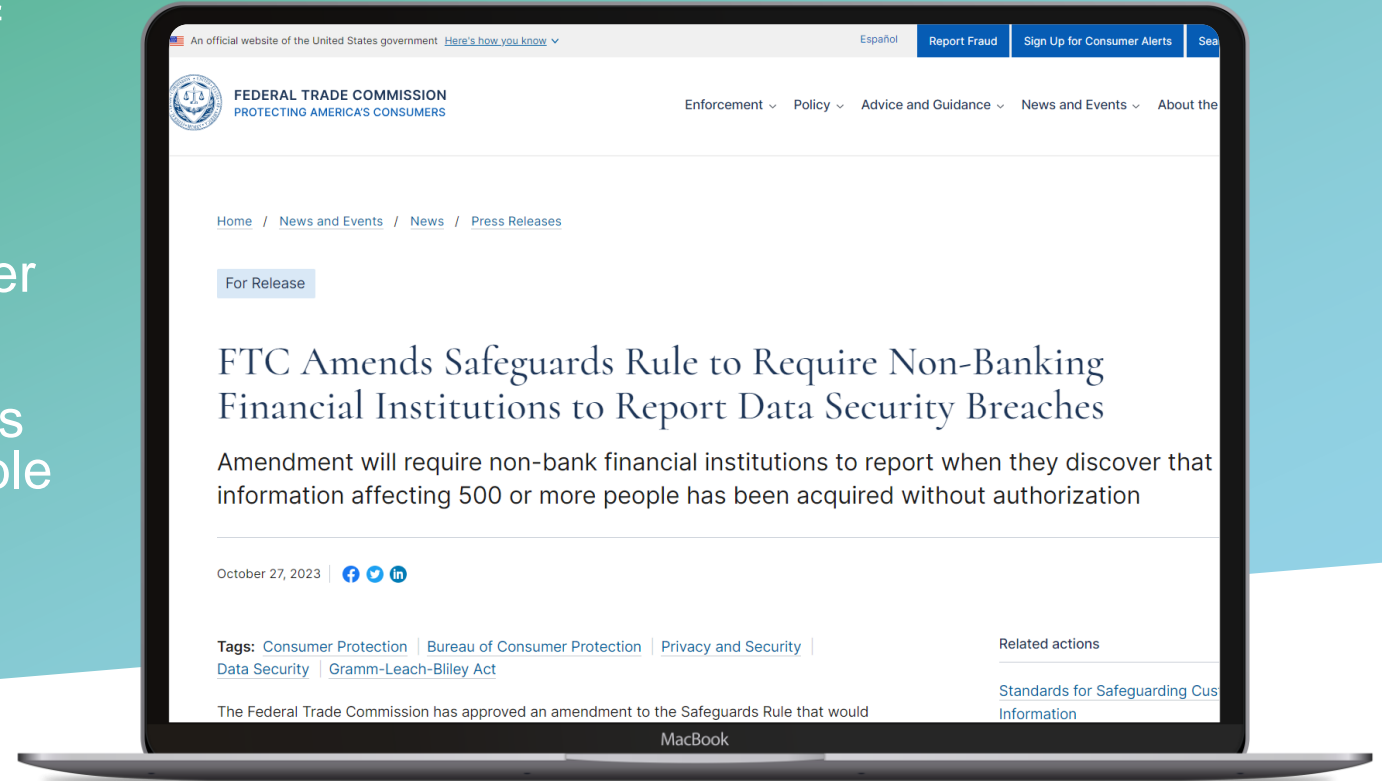
- (1) The overall status of the information security program (ISP) and your compliance with [the FTC Safeguards Rule]; and
- (2) Material matters related to the information security program, addressing issues such as
 - risk assessment,
 - risk management and control decisions,
 - service provider arrangements,
 - results of testing,
 - security events or violations and management's responses thereto, and
 - recommendations for changes in the information security program.



FTC Safeguards – Data Breach Notifications

Effective May 13, 2024

- Data breaches (“Notification Events”) involving the unauthorized acquisition of more than 500 unencrypted consumer records must be reported to the FTC
- Notification must occur as soon as possible, and not more than 30 days after discovery
- Requires electronic submission on FTC’s website that will become publicly available
 - This notification process is in addition to state notification requirements



Importance of Compliance

Avoiding Distractions

- Minimizes regulatory actions
- Minimizes legal actions
- Minimizes other operational and financial impacts
 - According to CDK Global's 3rd annual *The State of Dealership Cybersecurity*, cyberattacks have additional operational and financial impacts for affected dealerships:
 - 69% employee downtime
 - 46% need to replace or purchase hardware or software
 - 31% damaged reputation

Overall Compliance & Material Matters

Tracking Key Performance Indicators for the Annual Report



Safeguards Team

Qualified Individual with information security personnel oversight



Documentation

Written risk assessments, ISP, IRP, data retention and disposal policy, and more



Training

Information security awareness training for all staff with access to CI



Phishing

91% of all hacking starts with phishing and all key systems must be tested



Access Controls

Physical and electronic limits for accessing customer information



Technical Obligations

MFA, encryption, change management, and continuous monitoring



Vendor Management

Assessed for security, selected if capable, and obligated to protect CI



Annual Report

Overall compliance and material matters, such as risk assessment, risk management/controls, service provider arrangements, testing results, security events/violations and responses, improvement recommendations

Privacy & Safeguards Compliance Suite

KPA provides a more complete privacy and safeguard solution at a fraction of the cost

Compare

Annual Contracts to secure compliance continuity



Customized legal policies including the information security program (ISP)	<input checked="" type="checkbox"/>
Customized incident response plan (IRP)	<input checked="" type="checkbox"/>
Internal risk assessment tools	<input checked="" type="checkbox"/> Plus guidance
Employee security awareness training and completion tracking	<input checked="" type="checkbox"/>
Vendor management library with hundreds of completed GLBA contracts and risk assessments	<input checked="" type="checkbox"/>
Managed internal phishing simulations to train employees	<input checked="" type="checkbox"/>
Complete 50-state privacy compliance required by your state	<input checked="" type="checkbox"/>
Internal penetration testing	<input checked="" type="checkbox"/> Automated and unlimited
Vulnerability scans	<input checked="" type="checkbox"/> Automated and unlimited
Device and systems inventory automation and mapping tools	<input checked="" type="checkbox"/>
Website cookie consent banners and unique consumer privacy request portals	<input checked="" type="checkbox"/>
Dark Web Scanning	<input checked="" type="checkbox"/>
Data Sensitivity Scanning to find unencrypted sensitive information such as P11, credit card data, SSNs and more	<input checked="" type="checkbox"/>
Annual report to the board of directors generated every year	<input checked="" type="checkbox"/>



Complete Dealership Compliance

The only All-In-One Compliance Solution for the Automotive Industry



Annual Contracts to secure compliance continuity



Complete Compliance

Here are the Facts



Industry Experience	35+ Years
# of Employees	400+
Expert Compliance Consultants	140+ Tenured Employees
# Years of Consulting Experience	800+
Online Training Team	20 Full-Time Employees
Online Training Library	Award-Winning Library of 300+ Courses
Guided Compliance Process	Yes - 10 Step Process
Customer Service	Industry Leading Customer Satisfaction

Pick KPA

Other Solutions

COMPLETE COMPLIANCE

Environmental Health & Safety

Identify issues, implement corrective actions, and remain compliant with environment, health, and safety regulations.

Advertising, Sales & Finance

Avoid fines and legal actions with advertising, sales, and finance compliance solutions, including compliance with the new FTC CARS Rule.


Human Resources

Streamline workforce management and HR compliance throughout the employee lifecycle.



KPA

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