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Red Flag Rules: New Program Overview

Compli provides "Red Flags" piece to help dealers solve their compliance puzzle

About Compli's "Red Flags" Program

The Compli Red Flags Identity Theft Protection Program was developed in consultation with Hudson Cook, LLP, a leading provider of legal services to the automotive industry. The Compli Program provides dealerships the ability to draft, rollout, train, monitor and report on their unique "Red Flags" Program. For all Compli Dealership Compliance Management System (DCMS) clients we are including, at no additional cost, this comprehensive "Red Flags" solution as part of our core compliance package.

Background and Risk

"Red Flags" is just one piece of the complex regulatory compliance puzzle dealers face. GLBA, OFAC, Rule 8300, Adverse Action...the list goes on and on. This overview will provide a summary of the "Red Flag" Requirements, our program offering and compliance best practices that will help dealers address the fastest growing crime in America, identity theft. As part of a mandate from the Fair and Accurate Credit Transactions Act, auto dealerships must establish a written Identity Theft Prevention Program. The new "Red Flags" Law became effective on January 1, 2008 with a mandatory compliance date of **June 1, 2010**. Dealerships failing to create and maintain a good faith compliance effort around a "Red Flags" program run the risk of fines for each violation of the law and exposure to a public relations disaster.

Dealership "Red Flags" Requirements

New "Red Flags" requirements work in conjunction with the Safeguards Rules (GLBA):
1) Designate a compliance Officer / Coordinator;
2) Perform a Risk Assessment;
3) Draft and Communicate Policy and Procedures;
4) Conduct Employee Training;
5) Undertake Periodic Audits; and
6) Obtain Board Approval and Complete an Annual Report.

To Learn More Contact Compli at:
1.866.294.5545 or via email at: info@compli.com

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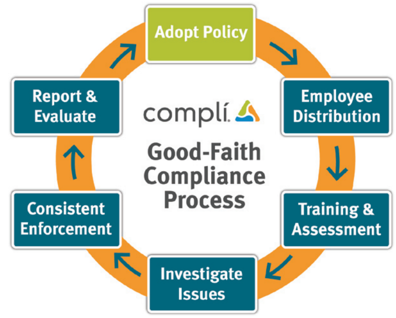
Best Practices for Implementing Your Red Flags Program



STEP 1 **VIEW THE ONLINE "RED FLAGS" WEBINAR SERIES**

Compli offers a series of free online "Red Flags" webinar recordings which are available at (http://www.Compli.com/news/). These serve as excellent tutorials for compliance officers and company personnel wanting to familiarize themselves with the law and best practices addressing "Red Flags" requirements.

STEP 2 **SELECT A COMPLIANCE PROGRAM COORDINATOR AND WRITE A MANDATED "RED FLAGS" PROGRAM**

Each organization is required to appoint a "Red Flags" Program Coordinator. Once that is completed, a risk assessment must be conducted and a written "Red Flags" Program must be drafted. Compli users will have access to an online assessment that will help them design the mandated customized set of "Red Flags" policies and procedures that can then be communicated and documented on the Compli system.

STEP 3 **COMMUNICATE AND GET SIGN-OFF ON "RED FLAGS" POLICIES**

Once your policies for "Red Flags" have been drafted, they can be distributed through the Compli system for personnel review, signoff, tracking and reporting. For Compli clients, the "Red Flags" Program will be administered just like any other program that must be maintained and monitored.

STEP 4 **DISTRIBUTE "RED FLAGS" TRAINING TO ALL RELEVANT EMPLOYEES**

Compli provides an online training that educates employees about the "Red Flags" requirements. Related training and reference materials are available for your Compliance Officer and management team.

STEP 5 **CONDUCT REGULAR AUDITS AND ASSESSMENTS OF THE "RED FLAGS" PROGRAM**

On an ongoing basis, audit forms can be scheduled for automatic distribution to verify compliance with the "Red Flags" Program in order to assess and report on its effectiveness.

STEP 6 **DOCUMENT "RED FLAG" INCIDENTS AND IMPLEMENT A CORRECTIVE ACTION**

With the "Red Flags" Toolkit, you will be able to document and record incidents in Compli. Properly utilized, incident reports foster appropriate corrective action and help inform companies and organizations as to their Program's strengths and weaknesses.

STEP 7 **REPORT AND MONITOR OVERALL COMPLIANCE WITH THE "RED FLAGS" PROGRAM**

As with other Compli programs, all "Red Flags" related compliance activities are gathered into a summary report of the program's effectiveness. This program can be viewed in real time within the Compli Executive Dashboard. These Reports create a "Good Faith" compliance effort and an affirmative defense and allow Executive Management to maintain accountability across the entire organization.

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