



Kentucky Automobile Dealers Association
The Voice of Automobile Dealers in Kentucky



Dealer Alert & Kentucky Horsepower Podcast



Listen as we begin a series of communications regarding **amendments to the FTC's Safeguards Rule** alongside our Legal Counsel at Stoll Keenon Ogden. These new amendments heighten the responsibility of the dealer when it comes to protecting consumer information from cyber attacks and data breaches. **It's important you understand the new requirements created by these changes and that you are compliant with these rules by December 9, 2022.** Below you will find additional information from our legal counsel.

As always, the Kentucky Horsepower podcast is available on [Apple Music](#), [Spotify](#) or by simply clicking the link below. If you prefer to watch the video while you listen, head on over to our [YouTube](#) channel.



STOLL
KEENON
OGDEN
PLLC

May 19, 2022

Winter is Coming Part 1: What is December 9, 2022 and What Should I Be Doing to Prepare?

DISCLAIMER: The information in this document may change over time with new information and developments. All content and materials are for general information purposes only. It does not provide, and is not intended to constitute, legal advice. Important: As necessary, dealers should consult an attorney familiar with dealership operations, Federal, State and/or local laws at issue.

In December 2021, the FTC enacted amendments to the "Safeguards Rule" to the Gramm-Leach-Bliley Act. These amendments, some of which became effective January 10, 2022, greatly expand the information security program requirements for dealers. More importantly, dealers must be in compliance with the majority of the revised Safeguards Rule by **December 9, 2022**. There are important steps dealers must take in advance of this date to be in compliance by the deadline. This article is the first in a series of materials to help your

dealership with the appropriate planning and implementation of the necessary policies and procedures required by the amended Safeguards.

Our upcoming articles will focus on the specific requirements of the amended Safeguards Rule. The purpose of this article is to explain the background on the amendments as well what to expect for the FTC's enforcement measures.

The initial Safeguards Rule was issued in 2002 and became effective in 2003. The instant amendments are the product of a changes first submitted for public comment in 2019. According to the FTC, the amendments were drafted in response to, "widespread data breaches and cyberattacks [that] have resulted in significant harms to consumers, including monetary loss, identity theft, and other forms of financial distress." As you have no doubt already heard, these modifications will have a significant impact on how your dealership manages data.

Before any implementation of the amended Safeguard Rule requirements can begin, you should be aware of the breadth and scope of your information systems and the amount and type of customer information you retain. Dealers should also have a working knowledge of the current security procedures in place for your information technology.

There is no doubt that compliance with the amended Safeguards Rule could potentially be time consuming and costly. We anticipate that the FTC will allow some flexibility in enforcing the expanded requirements. However, dealers should be aware that failure to comply could be an expensive endeavor. The FTC has the authority to initiate enforcement actions against non-compliant dealers, and while the FTC cannot seek financial penalties for first-time violations, it can seek up to \$46,517 per violation of any consent orders resulting from those enforcement actions.

With appropriate planning and careful implementation, dealers can avoid the headaches that could be associated with the amended Safeguards Rule, and we hope to assist you in that process.

For further information, please contact:

Sarah Bishop: (502) 875-6245; sarah.bishop@skofirm.com

Ron Smith: (317) 822-6787; ron.smith@skofirm.com

Visit our website: www.kyada.com

Follow KADA on Facebook

