

Compliance Issues for the Independent Dealership

By Jan Kelly

I am often asked if small dealerships really need to comply with all federal regulations; after all, they simply want to sell enough vehicles to remain in business. As we all know, being profitable takes precedence over most things. The simple answer is yes, if you are in the retail vehicle business. Yes, if you have employees. And yes, if your dealership collects, evaluates and processes nonpublic personal information (NPI). The answer is yes, you must comply.

When business is great, few have the time to attend compliance education. When business is slow, few have the funds to attend compliance education. However, education is expensive no matter how you get it. Either you attend a seminar and implement the lessons in your dealership or you bide your time and hope you never have a disgruntled employee or an unhappy customer. Unfortunately, most legal difficulties begin with either an unhappy customer or a disgruntled employee.

The following is not meant as legal advice, rather educational information. Please consult your company's own legal counsel on all legal matters.

Compliance Checklist

Safeguard Rule:

“ I am often asked if small dealerships really need to comply with all

FEDERAL REGULATIONS;

after all, they simply want to sell enough vehicles to remain in business.”

- ___ Complete a risk assessment.
- ___ Document the risk assessment and recommendations.
- ___ Produce a written policy and procedures germane to your size and scope of business.
- ___ Appoint a person (compliance officer) in charge of implementing the policies.
- ___ Oversee service providers.
- ___ Document self audits on a regular basis.

Adverse Action Notice:

- ___ Write policies and procedures.
- ___ Write a sample of the Adverse

Action Notice letter.

- ___ Appoint someone in charge of implementing the dealership's policies.
- ___ Audit the implementation of the policies.

OFAC SDN List:

- ___ Have a written policy and procedure authorized by the dealer.
- ___ Verify the education of the policies and procedures.
- ___ Document the education of how and when to check the list.

How are you doing so far? Have you checked everything off? If not, then perhaps you should attend some seminars on the topics. Take the lessons to the dealership.

While being compliant does take time, it will make a change in the dealership's culture. The result will be a more professional company. Having processes in place instills confidence in customers and confidence in employees.

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