

IDENTITY THEFT PREVENTION CERTIFICATION

The mandatory compliance date for the Federal Trade Commission's ("FTC") "Identity Theft Red Flags and Notices of Address Discrepancy" provisions, more commonly known as the "Red Flag Rules," was May 1, 2009. The Red Flags Rules are designed to help organizations recognize "red flags" of identity theft that may arise during the indirect lending process. Towards this end, the rules require motor vehicle dealerships and financial institutions alike to establish formal identity theft detection and response programs within their respective businesses.

A red flag is a pattern, practice, or specific activity that indicates the possible existence of identity theft. While detecting a "red flag" does not necessarily mean theft is occurring, *it does indicate the potential and should initiate the appropriate investigative and responsive steps by your dealership.* The program must include policies and procedures designed to:

- Identify relevant patterns, practices, and specific forms of activity that are "red flag" indicators of possible identity theft;
- Detect "red flags" that you incorporate into your program;
- Respond appropriately (e.g., stop the transaction) to any "red flags" that are detected to prevent and mitigate identity theft; and
- Ensure your program is updated periodically to reflect changes in risks from identity theft.

The following are general and non-exhaustive examples of "red flag" indicators:

- Alerts, Notifications and/or Warnings from a Consumer Reporting Agency: (i) fraud or active duty alerts; (ii) credit security freezes; (iii) address discrepancies; (iv) consumer statements; and (v) inconsistent activity patterns.
- Suspicious Documents or Personal Identifying Information: (i) altered or forged identification document; (ii) inconsistent photograph or description on an identification document; (iii) personal identification information inconsistent with external information, information on file or other identification; (iv) personal identification commonly associated with fraud being used; (v) altered or forged application or application documents; (vi) duplicate address or telephone number; (vii) incomplete required information; and (viii) inability to correctly authenticate via challenge questions.
- Social Security Number Issues: Duplicate, deceased, never issued, or issued prior to date of birth.

Furthermore, in an appendix to the Red Flag Rules, there are 26 suggested "red flags" that are indicators of possible identity theft. Please review these suggested "red flag" indicators.

It is the policy of Capital Credit to detect, prevent, and mitigate identity theft in our indirect lending program and we have developed and implemented a written Customer Identification Program and Fraud Detection Manual that includes an Identity Theft prevention Program. Pursuant to the Red Flag Rules and other applicable laws and regulations, please ensure that you maintain appropriate policies, procedures and safeguards to protect confidential consumer information and to detect and respond to "red flags" of identity theft. Together, we can help protect consumers from identity theft. Please indicate your compliance with the Red Flags Rules by completing this certification below and returning it to Capital Credit. We appreciate your business and want to thank you for your prompt attention to this letter. Together, we can help prevent identity theft.

The undersigned hereby certifies that the dealership has developed and implemented an Identity Theft Prevention Program in compliance with the Red Flags Rules and will update it periodically to reflect changes in risks from identity theft.

Dealership: _____

Address: _____

Authorized Signature (Officer, Owner, Manager): _____

Print Name and Title: _____

Date: _____

The information is being provided for informational purposes only and is not intended to offer any legal advice. Please consult with a qualified professional to discuss your particular situation.