

# How to Safeguard Personal Information Stored in Vehicles

Why and How Dealership can build a compliance program to delete consumer Personal Information captured and stored by vehicles



Andrea Amico  
Founder and CEO  
Privacy4Cars



# Today's presenter

- ❖ Andrea Amico is the founder and CEO of Privacy4Cars, the first tech company focused on identifying and solving the data privacy and security issues created by vehicle data
- ❖ Privacy4Cars' patented vehicle Personal Information deletion platform is adopted as the compliance best practice by OEM captives, national, regional, and local auto finance companies, fleets and fleet management companies, and dealerships
- ❖ Co-chairs the compliance and education committee at the International Automotive Remarketing Alliance
- ❖ Discovered and ethically disclosed multiple vehicle vulnerabilities to tens of automakers and other companies in the automotive ecosystem
- ❖ Former engineering ethics adjunct professor, president of a large auto logistics business, managing director of strategic initiatives at NBC Universal, manager at McKinsey&Co.
- ❖ Lives in Atlanta, has a MBA from Columbia University, a Master in mechanical and industrial engineering for Italy and Sweden.



# Disclaimer, safe harbour

The information in this webinar presentation is provided for general informational purposes only and may not reflect the current law in your jurisdiction. Nothing in this presentation should be construed as legal advice from the Ohio Automobile Dealers Association or the individual presenter, nor is it intended to be a substitute for legal counsel on any subject matter. The views and opinions in the presentation are those of the presenter and do not necessarily represent official policy or position of the OADA or its members or advisors.

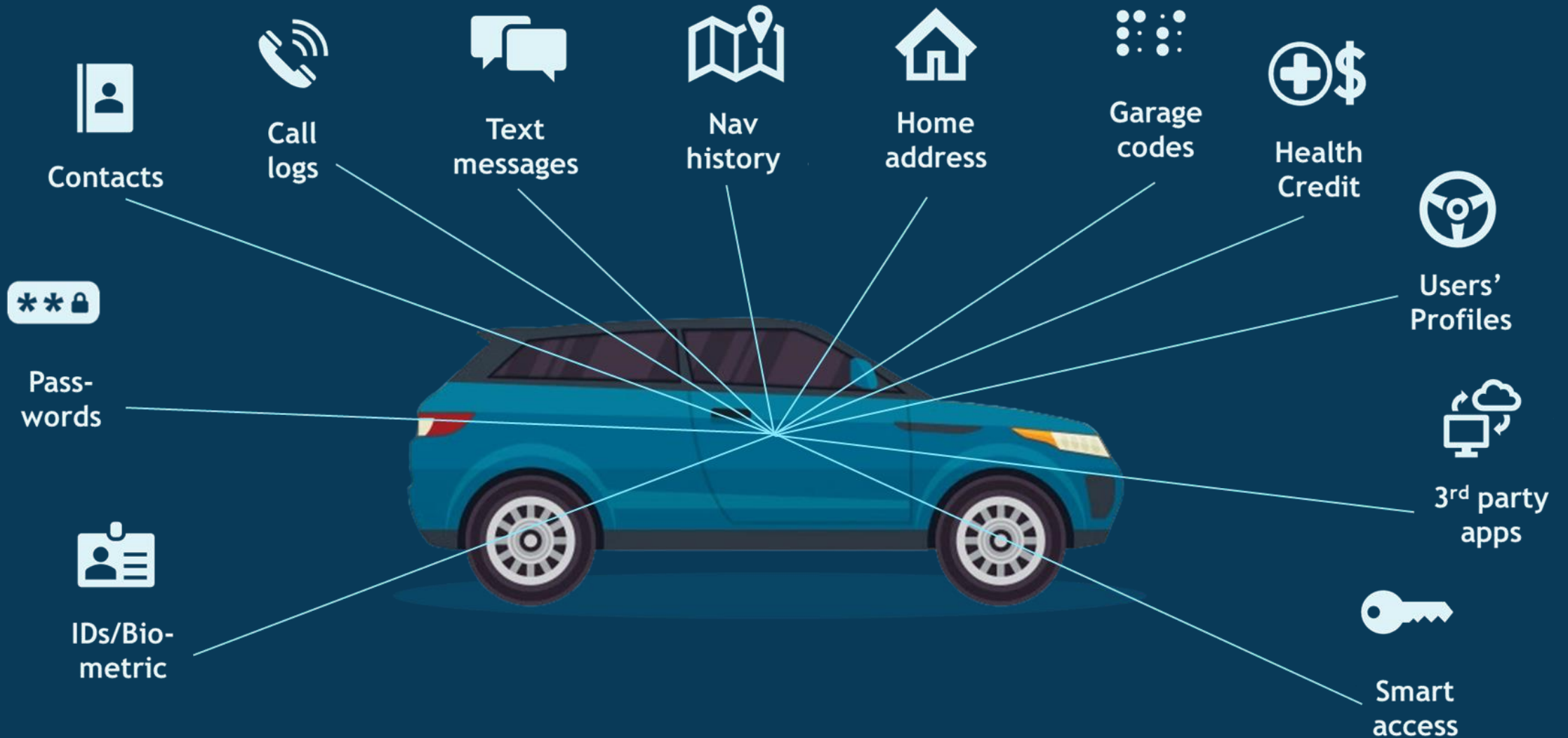
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# Texas Automobile Dealers Association warning, July 2022



**FTC Safeguards Rule & Infotainment Systems** The Federal Trade Commission (FTC) amended the “Safeguards Rule” requiring the dealership to add specific requirements to the security program, including controlling access to customer information. (See Memorandum, April 22, 2022; Webinars, June 8th and June 15th with decks and templates.) **As a part of the dealership’s privacy program, take care to wipe a customer’s data from their trade-in vehicle as well as from the dealership’s loaner, demonstrator, or rental vehicle before selling that vehicle or allowing another to use or rent the vehicle.** Wiping data includes unpairing all bluetooth devices; resetting the garage door opener; resetting telematics services; and, logging out of cloud accounts. Remind consumers to check to make certain they have cleared connections between their devices and the vehicle. The manufacturer’s owner manual should provide the necessary information to clear or wipe data. The vehicle may have a factory reset option that returns the settings to their original state. The process will likely vary by make and model. The dealership’s updated “Safeguards Rule” program should be in place no later than December 9, 2022.

# Vehicles are Unencrypted Databases of Personal Information





# Easiest Safeguards Non-Compliance To Identify (And Report)

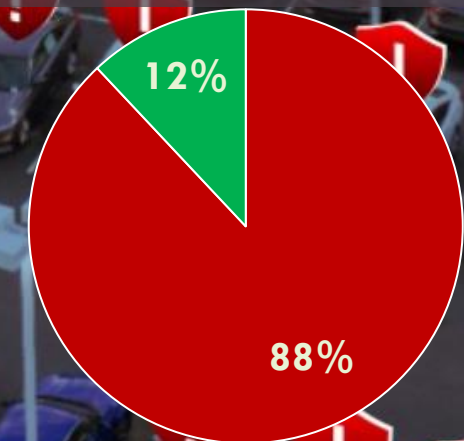
## Over 4 Out Of 5 Cars Sold Last Year Contained Personal Data

Privacy4Cars enables the automotive ecosystem to delete personal information from vehicles in a fast, traceable, and cost-effective manner to reduce liability, meet regulatory requirements and improve customer satisfaction

[Protect Yourself & Your Family](#)

[Protect Your Business & Customers](#)

Car shoppers who found previous owners' PI by test driving 1 or 2 cars of their choice



# Real Example: A Luxury Vehicle For Sale

- ❖ Shot a 30-second video during a test drive
- ❖ Fully reidentified previous owner, wife, and son (a minor)
- ❖ Have received multiple reports from new owners of vehicles previously owned by celebrities, wealthy individuals, politicians
- ❖ **Whose reputation and liability is at risk?**

- Vehicle formerly owned by Vladimir [redacted] (54, dentist, owns [redacted] of Chicago)
  - Living with wife Victoria (51) at [redacted] Glenview IL: \$1m single home, 5BR, 4 BA, 3 car garage (have codes)
  - His email is d [redacted] a2@gmail.com
  - Have 4 mobiles and 3 landlines for the family
  - He sees a nutritionist (Dawn [redacted] RD) and goes to an exercise coach and to LA Fitness (but stops at Starbucks before or after the gym)
  - Had a recent visit at [redacted] Retinal Consultants (5600 W [redacted] gs)
- Son is a senior at New [redacted] High School
  - He is a competitive swimmer (recent competitions include [redacted] Hills High School, at [redacted] Green Center, at [redacted] High School, at [redacted] Catholic High School)
  - He is taking safe driving lessons at [redacted] School of Driving
  - He is getting SAT support at two different [redacted] Tutoring Centers [redacted] Avenue, Highland Park and at [redacted] ve, Northfield) – mother unhappy with service
  - He has been with his dad to college campuses, including Northwestern University (where is father is an alumnus) and Indiana University Bloomington
- Wife
  - Victoria likes shopping at unusual clothing stores: Squasht Boutique, Chloe's Boutique, Moda Too, and to the home of designer Olivia Joffrey
  - Likely remodeling the house: recently visited an architect, an interior design group, and a furniture store. Shopped at BBQ store.
- Have addresses of 5 friends





# What Car Shoppers Say When They Find PI in Test Drives

Seeing the last owners home address and routine navigational routes scared me and really made me realize there is a problem.

This is a brand I would have usually been interested in purchasing. However, I am not confident in the salesperson answers to evidence that was seen in the brand vehicles navigation system left by the last owner.

Based on the salesperson answers about privacy, they won't keep me from returning one way or another.

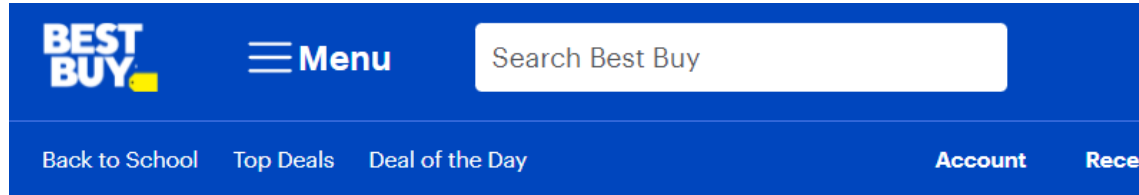
My private information is available for anyone to see and copy.

Why would I give away my personal information? I don't even answer the phone from a number I don't know. I value my privacy.

It seems very important that the privacy is protected both in the computer in the car and from the computer in the dealership



# Established Best Practice For Computers and Smartphones



[Best Buy](#) › [Customer Service](#) › [Help](#) › [Privacy Policy](#)

## How Best Buy interacts with your devices.

We know you entrust us with your confidential and personal information when you use Best Buy to provide service and support on your device. And while you should always remove your data from any device you choose to dispose of, we also work to protect your confidential and personal information through appropriate handling, safe storage, and high standards for wiping your data. We know that, as our customer, you expect us to safeguard your data at all times and in all of these situations.



[Promos](#)

[Shopping with Verizon Wireless](#)

## Device Return Instructions

Returning a device to Verizon Wireless only takes a few minutes.

This page will take you through the steps needed, which are especially important for Apple® devices with iOS 7 or newer.

You must turn off Find My iPhone before sending it back. We'll show you how, [even if you don't have the device anymore](#).

We'll show you how to erase your device too.

# FTC + OEMs: delete in-vehicle PI at sale



FEDERAL TRADE COMMISSION  
PROTECTING AMERICA'S CONSUMERS

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Business Blog

- The FTC has issued guidance on the need to delete in-vehicle PI three times already
- Geolocation is likely the hottest topic with regulators right now

## Be discreet when you delete your fleet

By: Lesley Fair

August 27, 2018



Thinking about replacing a company car or truck? Unless you take some security steps before selling the vehicle, you could be leaving behind a water bottle or two, some change under the seat – and a massive amount of corporate and personal data.



Please note that the information stored in your Audi vehicle may be accessible to others who use your Audi vehicle or mobile device, and thus may be deleted, altered, or transferred. Please see your vehicle's owner's manual for information about how to remove the information stored in your Audi vehicle.



If you sell or otherwise transfer your vehicle, it is your responsibility to delete all information (such as contacts, address look-ups, saved map addresses, or preferences) from the vehicle and contact us to transfer or cancel your account. If you do not delete this information, it may remain in the vehicle and may be accessible to future users of the vehicle. For instructions on how to delete information from your vehicle, please refer to your vehicle owner's manual.

# Other Federal and State Laws that May Apply



## Federal Laws and Regulations:

- Gramm Leach Bliley Act & Privacy Rule – *See Details in coming pages*
- **Federal UDAPs** – unfair and deceptive acts and practices (UDAPs)
- **Federal UDAAPs** – unfair, deceptive and abusive acts and practices (UDAAPs)

## State Laws:

- State **Privacy** Acts (CA, VA, CO, UT, CT) **NJ 3 proposals**
- State **UDAPs**
- State **Data Disposal** Acts **N.J. § 56:8-162**
- State **Data Breach** Acts **N.J. § 56:8-163**
- State **Cybersecurity** Acts
- State **Stalking** Acts
- State **Surveillance** Acts **N.J. A3950**
- State **Insurance Privacy (NAIC Model 670)** Acts **N.J. §§ 17:23A1**
- State **Insurance Security (NAIC Model 673)** Acts **N.J. § 11:1-44.1**

See list of applicable statutes:  
<https://privacy4cars.com/legal-resources/laws-by-geography/>



# Potential Penalties, Litigation and Enforcement



## Potential Penalties, Litigation and Enforcement:

### FTC:

\$46,517 per violation

### CFPB:

*Tier 1:* \$6,323 (ordinary violation)

*Tier 2:* \$31,616 (recklessly engages)

*Tier 3:* \$1,264,622 (knowingly engages)

### State:

- Statutory penalty, attorneys' fees and costs
- May carry criminal penalties as well, including fines and imprisonment

# NJ Title 56 supplement proposal



## SENATE, No. 2740 STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 2, 2022

[https://pub.njleg.gov/Bills/2022/S3000/2740\\_I1.HTM](https://pub.njleg.gov/Bills/2022/S3000/2740_I1.HTM)

This bill requires motor vehicle dealers to delete certain personal information from a motor vehicle computer system prior to resale.

Under the bill, a motor vehicle dealer who takes possession of a motor vehicle from a consumer is required to delete the consumer's personal information from the motor vehicle's computer system prior to resale or lease.

A motor vehicle dealer who violates the provisions of this bill is subject to a civil penalty of \$500 for a first offense, and \$1,000 for any subsequent offense, which may be collected and enforced by the Director of the Division of Consumer Affairs.

# New Safeguards Rule (Jun 9<sup>th</sup>, 2023)

- ❖ FTC exercised its rulemaking authority, new Rule comes into effect on June 9th 2023 (6 month grace period from original deadline)
- ❖ Specifically written in response to growing collection of electronic data about consumers and rising rate of data breaches
- ❖ Three main areas of change:
  - Personal Information is very broadly defined (not just SSN or credit info)
  - It applies no longer just to financial institutions (incl. dealerships), but also marketplaces and suppliers to regulated entities
  - Abandon “Reasonable Security” standard for a prescriptive list of requirements





# NADA 2022 Regulatory Update: Safeguards Explained



## New Requirements

Qualified Employee	Written Risk Assessment	Access Controls	Data and Systems Inventory
Data Encryption	Secure Development Practices	Multi-Factor Authentication	Systems Monitoring and Logging
Secure Data Disposal Procedures	Change Management Procedures	Unauthorized Activity Monitoring	Intrusion Detection/ Vulnerability Testing
Overseeing/Monitoring Service Providers	Written Incident Response Plan	Annual Reporting to Board	

### Objective of today:

- ❖ Understand how the Rule and this framework apply to data captured by vehicles
- ❖ Get you started on appropriate disclosures
- ❖ Simplify what a compliance management system needs to do to protect consumers and your business
- ❖ Can dealerships build value, and how?

More details on Privacy4Cars' free-to-download whitepaper

<https://privacy4cars.com/>

# NADA Slide On Safeguards: How It Applies To In-Vehicle PI?

## New Requirements

Responsible for all  
PI (incl. in-vehicle)

Qualified Employee

Written Risk  
Assessment

Access Controls

Data and Systems  
Inventory

**Not Possible**

Data Encryption

Secure Development  
Practices

Multi-Factor  
Authentication

Systems Monitoring  
and Logging

**Not Possible**

**Not Possible**

**Not Possible**

Secure Data Disposal  
Procedures

Change Management  
Procedures

Unauthorized Activity  
Monitoring

Intrusion Detection/  
Vulnerability Testing

**Not Possible**

**Not Possible**

**Not Possible**

Overseeing/Monitoring  
Service Providers

Written Incident  
Response Plan

Annual Reporting to  
Board

#NADASHOW

# NADA Slide On Safeguards: How It Applies To In-Vehicle PI?

## New Requirements

Responsible for all  
PI (incl. in-vehicle)

Qualified Employee

Written Risk  
Assessment

Access Controls

Data and Systems  
Inventory

Must list PI captured by vehicles  
and a policy on how to protect  
against risk of exposure to  
employees and other consumers

**Not Possible**

Data Encryption

**Not Possible**

Secure Development  
Practices

**Not Possible**

Multi-Factor  
Authentication

**Not Possible**

Systems Monitoring  
and Logging

Secure Data Disposal  
Procedures

Change Management  
Procedures

**Not Possible**

Unauthorized Activity  
Monitoring

**Not Possible**

Intrusion Detection/  
Vulnerability Testing

**Not Possible**

Overseeing/Monitoring  
Service Providers

Written Incident  
Response Plan

Annual Reporting to  
Board

Includes OEMs and  
3<sup>rd</sup> parties

#NADASHOW



# Consumer Disclosures on Vehicle Data



Dealerships should consider making three disclosures to consumers :

- 1. A general disclosure on vehicle data collection capability and transmission and sharing with the OEM and their third parties (excluding the dealership)**
  - Vehicles may be able to collect, store, and share data that may fall under the definition of NPI
  - Refer consumers to the OEM's privacy policy; franchised dealers may link to it
  - Consider disclosing at least owner's identity, geolocation, biometrics, and driver behavior information
  - Clarify that OEMs and their third parties are solely responsible for safeguarding the data received directly via telematics/connected services or indirectly through a data sharing agreement
- 2. A disclosure for the data your dealership may share with the OEM, and the OEM may share with your dealership**
  - For franchised dealers only. Consider reviewing your OEM data agreement with your attorneys (each OEM agreement is different and state laws on data protection are different)
  - Consider contacting your state dealer association may provide some guidance.
- 3. A disclosure for the data captured and stored in the vehicle itself**
  - *More on this...*

# NADA Slide On Safeguards: How It Applies To In-Vehicle PI?

## New Requirements

Qualified Employee	Written Risk Assessment	Access Controls	Data and Systems Inventory
		Not Possible	
Data Encryption	Secure Development Practices	Multi-Factor Authentication	Systems Monitoring and Logging
Not Possible	Not Possible	Not Possible	
Secure Data Disposal Procedures	Change Management Procedures	Unauthorized Activity Monitoring	Intrusion Detection/ Vulnerability Testing
	Not Possible	Not Possible	Not Possible
Overseeing/Monitoring Service Providers	Written Incident Response Plan	Annual Reporting to Board	

Clear PI from vehicles for sale, lease returns, trade-ins, loaners

Data disposal minimizes need for an IRP

Must have a detailed metrics and logs for day-to-day management of the program as well as for annual reporting to board/principle

#NADASHOW

# Disclosure, Policy, and Process to Protect In-Vehicle PI



## 1. A disclosure and Policy for the data captured and stored in the vehicle itself

- Delete PI stored in vehicles prior to next handoff is the only reasonable technical, administrative, and physical safeguards you can have in place (as required by the FTC)
- Need to cover (1) trade-in & lease returns, (2) wholesale purchases, (3) repos, (4) vehicles destined to wholesale, and (5) test drives, employee vehicle use, loaners
- Disclaimer for warranty or service work

## 2. Have “administrative, technical, and physical measures” to delete consumer PI from all vehicles prior to reintroducing them into the stream of commerce

- Want to do efficiently (little time and with lowest cost resources)
- Want to do it effectively (little percentage of defects)
- Want to do it in a auditable manner (need detailed records)
- Want to do it in a way that communicates value to your customers



# Three Alternative Approaches To Deleting In-Vehicle PI



## Tell your personnel they have to delete PI

- Relies on user knowledge (possibly a checkbox on a form)
- Make sure you have very strict controls, checks-and-balances, and detailed records in place
- Timing and quality of deletion and record-keeping can be inefficient or ineffective
- Typical audit shows leaving PI in 50-75% of processed vehicles is normal (best-in-class is 30%)

## Give your employees a tool to delete PI

- Easy to adopt, almost foolproof
- Less than 1.5 min in average, rarely >2.5 min per VIN
- Records by design & by default
- Third party warranty
- Pay per rooftop (unlimited use)

## Ask a 3<sup>rd</sup> party to delete PI

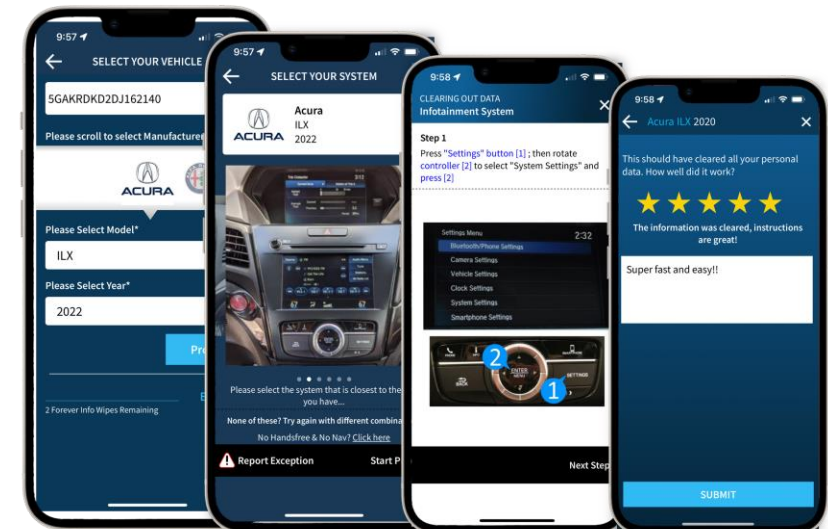
- Available at most auto auctions and repossession companies
- Third party indemnity
- Pay per VIN (most expensive option)

- 01 Scan VIN
- 02 Match Infotainment System
- 03 Follow Deletion Steps
- 04 Send Feedback

US PATENT #  
US11157648B1  
US11113415B1  
US11256827B1



Proprietary & confidential



# A cautionary tale: make sure you audit and have records

	Inspection	Help	Check Type	Meets Std	Repair Req	Disclose	N/A	Op Codes	Comments
43	Heating/Defrost/AC	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
44	Vents-Heating/Defrost/AC	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
45	Rear Window and Mirror Defrost	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
46	Windows Operation	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
47	Sunroof / Convertible Operation & Condition	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
48	Check function of Radio and Navigation. Clear phone book memory and any saved address location. Activate XM	i	Function Check	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Check entire audio system and speakers for operation and sound quality. Test CD player if equipped. Activate XM Radio, instructions can be found on Customer Care Part & Service Used Vehicle Recon/XM activation. **Clear saved locations in navigation system and any stored contacts in phone book. Please refer to owner's manual for instructions. If not present in vehicle most owner's manuals are available online.**

**“What is hard to determine is how well we do this process. Our stores are also supposed to execute a delivery step with customers where they help them learn about the car and set up phones, etc. This step is designed to catch this issue since we would reset the car to present to the customer. Again, we don't have an easy way to measure compliance.”**

**-- General Counsel, very large auto dealer group**

# A cautionary tale: make sure you audit and have records

	Inspection	Help	Check Type	Pass	Fail	Close	Notes	Comments
43	Heating/Defrost							
44	Vents-Heating/Defr							
45	Rear Window and M							
46	Windows Operation							
47	Sunroof / Convertib Condition							
48	Check function of R Navigation. Clear phone book memory and any saved address location. Activate XM							

## Mystery shopping results: consumers found previous owners' data at 4 out of 5 stores

Locations were randomly visited  
Cars were randomly selected for a test drive

Check entire audio system and speakers for operation and sound quality. Test CD player if equipped. Activate XM Radio, instructions can be found on Customer Care Part & Service Used Vehicle Recon/XM activation. **Clear saved locations in navigation system and any stored contacts in phone book. Please refer to owner's manual for instructions. If not present in vehicle most owner's manuals are available online.**

**"What is hard to determine is how well we do this process. Our stores are also supposed to execute a delivery step with customers where they help them learn about the car and set up phones, etc. This step is designed to catch this issue since we would reset the car to present to the customer. Again, we don't have an easy way to measure compliance."**

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# How a PI Deletion System Works (Privacy4Cars example)



## Benefits

- ❖ Established industry standard across auctions and repos, increasingly among dealers
- ❖ VIN-specific instructions and tracking
  - Intuitive system anybody can use
  - Detailed monitoring, metrics, logs
- ❖ Each VIN has its certificate backed by warranty





# Privacy4Cars' Core Deletion Process

- 1 Scan VIN
- 2 Match Infotainment System
- 3 Follow Deletion Steps
- 4 Send Feedback
- 5 Get Vehicle Privacy Report™

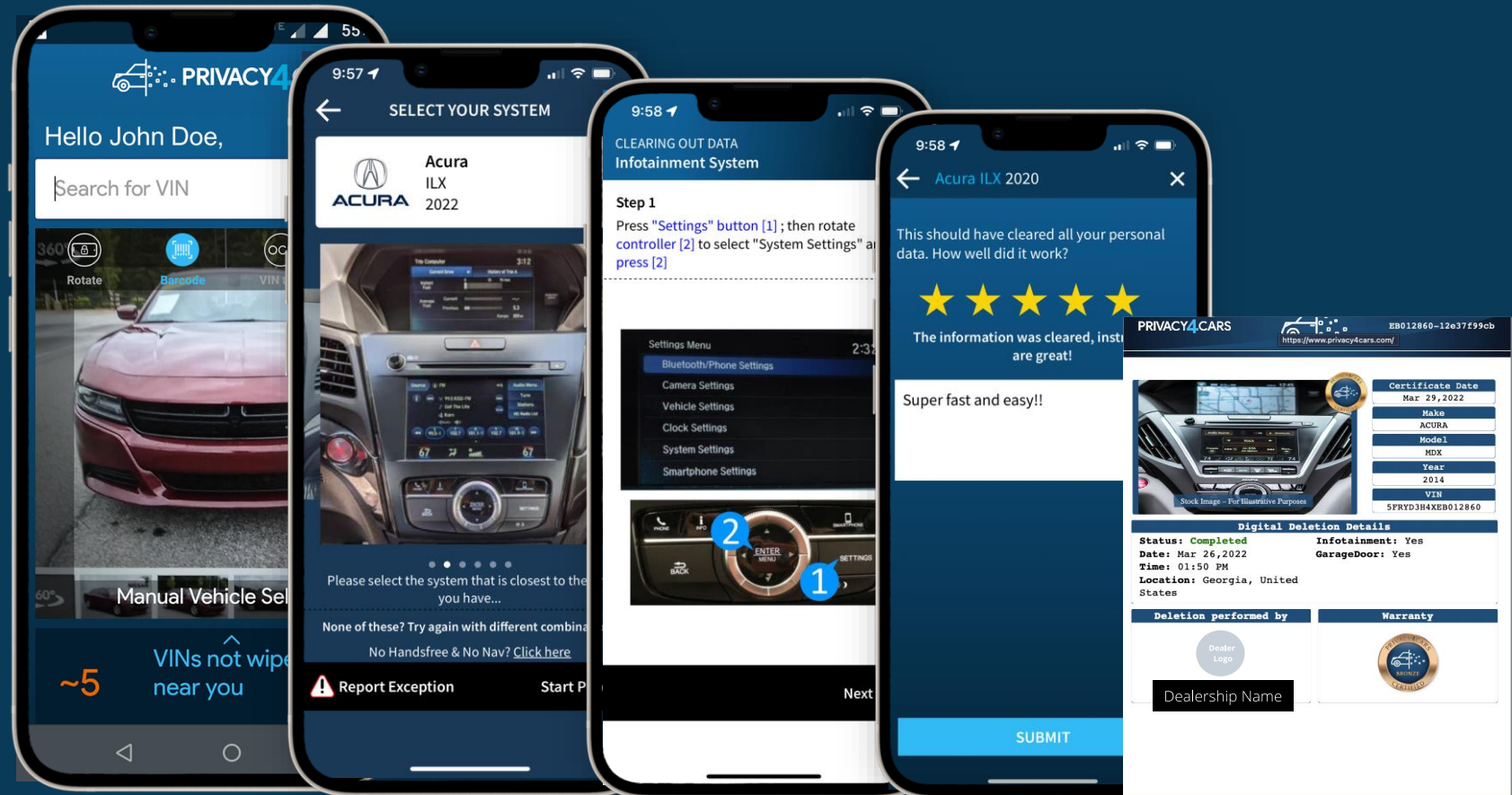
4 US PATENTS

#11,494,514

#11,256,827


#11,157,648


#11,113,415



# Communicating superior care for consumer PI

## Certificate of Completion

PRIVACY4CARS  EB012860-12e37f99cb  
<https://www.privacy4cars.com/>

 **Certificate Date**  
Mar 29, 2022

**Make**  
ACURA

**Model**  
MDX



**Year**  
2014

**VIN**  
5FRYD3H4XEB012860

**Digital Deletion Details**

**Status:** Completed **Infotainment:** Yes  
**Date:** Mar 26, 2022 **GarageDoor:** Yes  
**Time:** 01:50 PM  
**Location:** Georgia, United States

**Deletion performed by** **Warranty**

Dealership Name

- ❖ Simple certificate with vehicle info
- ❖ Digital Deletion Details
- ❖ Co-branded with dealership logo

## Easy to share/print

Profile & Tools


Your Name  
Aashish


Email Address  
aashish@example.com

**VINs waiting to be processed**  
~135 Unprocessed VINs near you

**My Activity & Reports**  
1 Scans Done.

**Send Certificate**

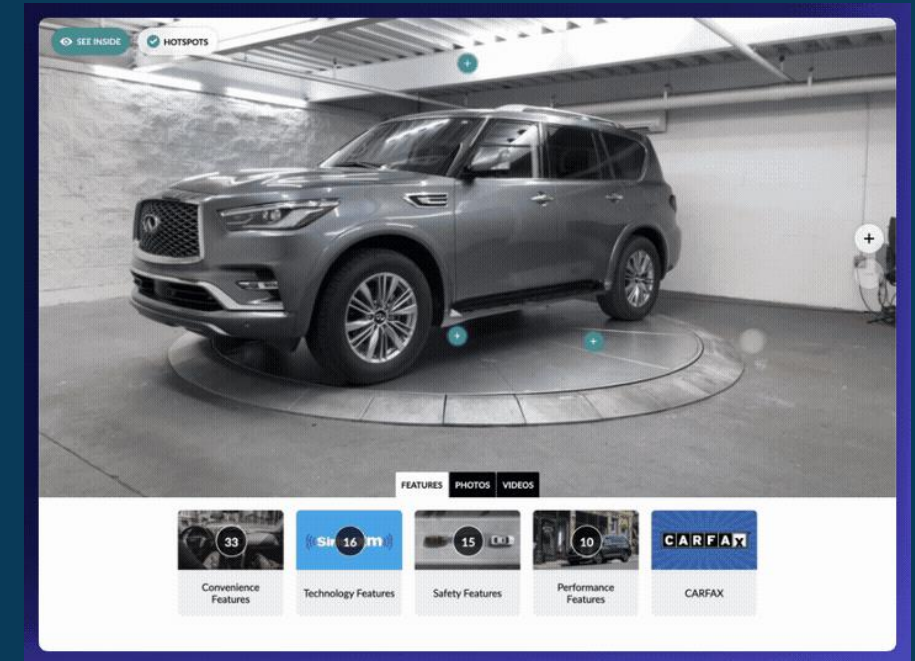
 Training Videos **WATCH NOW**

 Laser Scanner (select models only) **Request Feature (Premium Feature)**

PRIVACY4CARS [Privacy Policy](#)  
[Terms & Conditions](#)

- ❖ From the app
- ❖ From daily/weekly emails

## Online Merchandising (Impel/SpinCar)



- ❖ Place hotspot with P4C certificate
- ❖ Increases interaction
- ❖ Communicates higher standard of care



## Complying with FTC's Updated Safeguards Rule Deleting Consumer PI Stored in Vehicles: Dealership Guidelines



# Thank You!

Download the free whitepaper at  
<https://privacy4cars.com> or ask for a  
copy at [info@privacy4cars.com](mailto:info@privacy4cars.com)