FIRST LINE OF DEFENSE COMPLIANCE NEWSLETTER

THE 7 DEADLY COMPLIANCE SINS

2026 EDITION 3

RISK ASSESSMENT | POLICIES & PROCEDURES | LEADERSHIP & OVERSIGHT | ADVERTISING & PRICING | TRAINING & AWARENESS | MONITORING & AUDITING | REPORTING & ESCALATION

First Line of Defense

7 Deadly Sins of Dealership Compliance

A Practical Guide for Dealership Leaders, Compliance Officers and Front-Line Managers

Compliance failures rarely begin with intentional misconduct. More often, they begin with small shortcuts, unclear expectations, weak oversight or cultural blind spots that grow into regulatory exposure.

These "Seven Deadly Sins of Dealership Compliance" represent the most common behaviors and operational gaps that place dealerships at risk with regulators, auditors, lenders and customers.

This guide can be used as a leadership discussion tool, training framework or compliance culture checklist.

1. Ignoring the Risk Assessment

The Sin: Operating without identifying where the dealership's real compliance risks exist.

What it looks like:

- No documented compliance risk assessment
- Copy-and-paste policies not tailored to operations
- No Safeguards Rule risk evaluation
- No review of advertising, identity theft, privacy or cybersecurity exposure
- Leadership is unaware of the highest exposure areas

Why regulators care:

Risk assessment is the foundation of an effective compliance program under FTC (Federal Trade Commission) Safeguards Rule requirements and the Federal Sentencing Guidelines. For a compliance program, risk assessment is a program standard.

What it creates:

Compliance becomes reactive instead of strategic.
Reactive compliance consumes time, duplicates work, creates confusion across departments, and increases costs. Rather than supporting profitability and customer experience, it diverts leadership attention from selling vehicles and turns compliance into an operational obstacle rather than a strategic asset.

Best practice correction:

- Conduct annual enterprise compliance risk assessments
- Prioritize the top five (5) dealership risk areas
- Align training, auditing, and policies with identified risk

2. Treating Compliance as a Binder Instead of a Business Process

The Sin: Policies exist, but operations don’t follow them.

What it looks like:

- Policies created once and never updated
- Employees are unaware that policies exist
- Procedures missing from departments
- Managers improvising instead of following the structure

Why regulators care:

Regulators evaluate whether compliance programs are operational—not theoretical.

What it creates: Paper compliance without protection.

Best practice correction:

- Separate policies from procedures
- Train employees on "how" compliance works in their role
- Review procedures annually
- Require manager accountability

3. Weak Oversight from Leadership

The Sin: Compliance is delegated but not supervised.

What it looks like:

- No executive involvement
- No Qualified Individual reporting
- No board-level Safeguards updates
- Compliance Officer without authority

Why regulators care:

The FTC Safeguards Rule requires documented oversight by leadership.

What it creates: Compliance programs that exist without influence.

Best practice correction:

- Provide quarterly compliance updates to leadership
- Establish executive reporting cadence
- Empower the compliance officer role
- Document oversight decisions

4. Advertising that Doesn't Match the Deal Jacket

The Sin: Digital pricing and showroom transactions do not align.

What it looks like:

- Conditional rebates not disclosed
- Mandatory fees missing from advertised price
- Payment-based advertising confusion
- Website calculators producing unrealistic expectations

Why regulators care:

Price transparency is a national enforcement priority across multiple industries and remains a focus area for auto regulators.

What it creates: UDAP or UDAAP exposure, FTC attention and customer complaints.

Best practice correction:

- Align website pricing with deal structure
- Audit digital listings monthly
- Review third-party vendor compliance controls
- Train sales managers on pricing disclosure rules

5. Untrained Employees Handling Regulated Transactions

The Sin: Employees without compliance training interact with customers.

What it looks like:

- No onboarding compliance training
- No Red Flags training
- No Safeguards awareness training
- No role-specific expectations

Why regulators care:

Training effectiveness is required under multiple federal regulatory requirements.

What it creates: Employees unknowingly becoming the dealership's largest source of risk.

Best practice correction:

- Provide role-based compliance training
- Track completion inside an LMS (Learning Management System)
- Refresh training annually
- Include managers in training expectations

6. No Monitoring, Testing, or Auditing

The Sin: Assuming compliance rather than verifying it.

What it looks like:

- No deal jacket audits
- No advertising reviews
- No privacy access reviews
- No vendor oversight testing

Why regulators care: Monitoring and auditing demonstrate program effectiveness.

What it creates: Hidden issues that become enforcement cases.

Best practice correction:

- Implement monthly deal audits
- Conduct quarterly compliance reviews
- Review vendor safeguards expectations
- Track findings and remediation

7. Silence When Problems Appear

The Sin: Employees see risk but don't report it.

What it looks like:

- Ignoring customer complaints
- No complaint reporting structure
- No escalation pathway
- Fear of retaliation
- Issues handled informally instead of being documented

Why regulators care:

Effective compliance programs require reporting channels and response procedures.

What it creates: Small issues becoming large investigations.

Best practice correction:

- Establish reporting channels
- Train employees on escalation expectations
- Document investigations
- Protect reporters from retaliation

Dealership compliance success depends on leadership visibility, employee training, operational procedures and continuous monitoring, not just written policies.

Strong compliance programs protect customers, employees, lender relationships, reputation and profitability.

by Linda J. Robertson

Linda J. Robertson is the Executive Director and founder of the Association of Dealership Compliance Officers (ADCO). She develops compliance education, certification programs and risk-management strategies that help dealerships strengthen regulatory compliance, protect consumer information and foster cultures of ethical accountability. AFIP and ADCO are now one compliance company. Linda can be contacted at linda.robertson@adcocommunity.com.

Leadership Reminder

Compliance failures rarely begin with fraud.

They begin with silence, assumptions, shortcuts and a lack of structure.

Look for the *7 Deadly Sins of Dealership Compliance Leader Guide* and *Knowledge Check* pdfs at the end of this newsletter and on the ADCO website. If you'd like hard copies, please email linda.robertson@adcocommunity.com

Bucket Filler … or Bucket Dipper?

by Justin B. Gasman, MPFS

There are two types of people in this business and in life. Bucket fillers and bucket dippers.

Bucket fillers invest in others. They pour time, effort, energy, patience, encouragement and belief into the people around them. They help develop others without constantly asking, “What’s in it for me?” They understand that leadership is not about control. It’s about contribution.

Bucket fillers use kind words. They are inclusive. They work well with others because they genuinely care about people. They say things like “please,” “thank you,” and “I’m sorry.” They ask questions and actually listen to the answers. They make eye contact. They stay present in conversations instead of waiting for their turn to speak. They encourage people when they’re struggling instead of kicking them while they are down.

Bucket fillers understand something important: people perform better when they feel valued. They continue to help others even when it’s inconvenient. They stay professional during tough times because they know their attitude affects everyone around them. They become the steady voice in the storm.

They bring energy instead of draining it. They become the type of person people trust, respect and naturally want to follow. Bucket fillers are light producers.

Bucket dippers are the opposite. They drain the room. They consume attention, energy, patience, and goodwill without giving much back. They are usually negative, self-centered or emotionally immature. They complain constantly. They gossip. They blame others. They want credit for everything and responsibility for nothing.

Bucket dippers rarely build people up. Instead, they create confusion, division, tension and emotional exhaustion. They make excuses. They avoid accountability. They manipulate situations to protect themselves. They interrupt. They take more than they contribute. They create drama and then wonder why nobody enjoys being around them.

In many cases, bucket dippers do not have a knowledge problem. They have a discipline and self-awareness problem. The good news is that this behavior can be corrected if the person is willing to be honest with themselves and make better choices. In the dealership world, this matters more than people realize.

Managers set the emotional temperature of the store. If you are a leader, your job is not simply to track numbers, push deals and hold meetings. Your job is to develop people. Your team needs encouragement, coaching, accountability, recognition and consistency. People want to feel appreciated. They want to feel seen. They want to know their effort matters.

The best managers I've worked with bring positive energy into the dealership every day. They challenge people while still supporting them. They correct without humiliating. They coach without belittling. They create environments where people can grow.

The worst managers treat people like disposable inventory. They make employees feel small. They lead through fear, sarcasm, inconsistency and emotional pressure. Eventually good employees burn out, disengage or leave altogether. High turnover rarely starts with pay plans alone. Many times it starts with leadership failure.

If you want to take your team, your career and your relationships to the next level, it starts with you. Make the decision to become a bucket filler. At work. At home. Everywhere you go.

Choose to encourage people. Choose to listen better. Choose to help somebody improve instead of tearing them down. Choose professionalism over ego. Choose contribution over consumption.

The people who consistently fill buckets build stronger teams, stronger cultures, stronger relationships and stronger lives. That is what separates average employees from polished professionals and true leaders.

And remember, it's a beautiful day... to help a customer!

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INDUSTRY MEMBER EXCLUSIVE

CBT NEWS

AUTO LEADERSHIP SUMMIT

FAIR PRICING & COMPLIANCE

Washington, D.C. | June 16, 2026 | Salamander Hotel

THE FTC IS WATCHING. IS YOUR DEALERSHIP READY?

Join industry leaders, compliance experts, legal professionals, policymakers, and dealers for a one-day summit focused on navigating today's rapidly changing compliance landscape.

TOPICS INCLUDE:

- FTC Enforcement & Advertising Compliance
- Transparent Pricing Best Practices
- Consumer Disclosure Requirements
- Compliance Framework for Dealership Operations
- Legislative & Regulatory Updates

FEATURING:

- DEALER EXECUTIVES
- COMPLIANCE EXPERTS
- NADA POLICY ADVOCATES
- U.S. SENETOR BERNIE MORENO

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Space is limited.

ADCO ASSOCIATION OF DEALERSHIP COMPLIANCE OFFICERS

AFIP is proud to support this important industry event focused on compliance, transparency, and dealership success.

AFIP | ADCO Certification & Compliance Training

Online certification and training with live facilitation, combining the flexibility of remote learning with real-time instruction.

The AFIP Certification Program is the industry's leading credential for F&I professionals, managers and sales leaders committed to operating with integrity, professionalism and regulatory compliance. This comprehensive training provides a practical understanding of federal and state regulatory requirements, ethical sales practices and compliant transaction processes. Participants gain the knowledge and confidence needed to protect the dealership, strengthen customer trust and perform their role with professionalism and accountability.

AFIP Certification Boot Camp

- New state-of-the-art AFIP LMS (Learning Manager System)
- Shorter lesson modules walk you through each section
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- Practice quizzes to gauge your progress
- Live virtual online classes and final review test prep classes conducted via Zoom
- Optional two-day certification boot camps at locations around the U.S.
- CARLAW F&I Legal Desk Book (authored by the attorneys at Hudson Cook)
- Access to your state-specific laws and regulations

4 Days Online Training | 10:00 AM – 12:30 Central
Sessions begin June 16th, July 14th, Aug. 11th and Sept. 15th
Registration: https://learn.afip.com/fi-certification

AFIP Certification Exam Review

Fridays | 10:00 AM – 1:00 PM Central
Every Friday through Dec. 18, except July 3
Registration: https://learn.afip.com/fi-certification

Basic Certification (CPFS)

Senior Certification (SPFS)

Master Certification (MPFS)

Lifetime Master Certification (LMPFS) + Recurrent Training

AFIP offers tailored F&I compliance certification for franchise dealerships, independent dealerships, and RV, motorcycle, powersports and marine industries.

ADCO Dealership Compliance Officer Certification

Today's dealership compliance environment is changing rapidly. Regulatory expectations continue to increase, customer complaints receive greater scrutiny and emerging technologies (AI) are transforming the way dealerships communicate, document, monitor and manage risk. Join ADCO for an engaging and practical session designed to help dealerships strengthen the people, processes and tools that support a proactive compliance culture.

Agenda for Basic Dealership Compliance Officer Training

- Understanding the Compliance Model in dealerships
- Federal regulations that impact the dealership
- Board and leadership oversight responsibilities
- Policies and step-by-step procedures
- Effective training, compliance awareness and communication… building a culture of compliance across every department
- Monitoring, auditing and identifying compliance "smoking guns"
- Customer complaints and investigation
- Enforcement and discipline
- Resolution and prevention

Benefits of Attending

Participants will learn how to:

✓ Identify where compliance risk begins and how to reduce exposure
✓ Strengthen operational controls and accountability processes
✓ Recognize warning signs before they become enforcement problems
✓ Use customer feedback and complaint trends as valuable strategy data
✓ Understand oversight expectations and compliance controls
✓ Improve monitoring, auditing and reporting efforts
✓ Support a culture where compliance protects customers, employees and profits
✓ Equip employees and managers with practical tools for everyday decisions
✓ Build a stronger, more defensible compliance management strategy

Registration: https://www.adcocommunity.com/events
All classes held from 10:00 AM | 4:00 PM Central | 3 days
June 13th - 15th • August 17th - 19th • September 14th - 16th

Because most dealership risk does not begin with regulators,

it begins with everyday decisions.

COMPLIANCE IN REAL TIME SERIES

Monitoring, Testing, and Auditing:

Proving Your Program Works.

Why this is important to me: Ongoing monitoring is a regulatory expectation and the strongest defense against claims of willful neglect.

SPEAKER

Terrance J. O'Loughlin, J.D., M.B.A
Director of Compliance, Reynolds
Document Solutions
Reynolds and Reynolds

July 9, 2026 | 1pm CST

REGISTER: adcocommunity.com/events

ADCO™
ASSOCIATION OF DEALERSHIP COMPLIANCE OFFICERS

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COMPLIANCE STARTS AT THE TOP

Great brands are built on great decisions.
Thank you for making
compliance a part of your story.

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- FRAT Regulatory Training
- Industry Webinars
- Leadership Training
- Compliance Community Resources

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