
FTC Safeguards Compliance Guide

Why Compliance Matters— No Matter the Size of Your Company

How To Sort Through The Confusion And Complexity Of
the FTC Safeguards Rule, Determine If It Applies To Your
Business, And The Steps To Take

Read this executive guide to discover:

- ✓ Why even solo practitioners are not exempt from the FTC Safeguards Rule.
- ✓ The significant fines and penalties for non-compliance, including personal liability for officers.
- ✓ How the revised FTC Safeguards Rule, effective June 9, 2023, affects businesses because of how fines are enforced.
- ✓ How to quickly determine if the FTC Safeguards Rule applies to your business.
- ✓ The critical administrative, technical, and physical safeguards required for compliance.
- ✓ A checklist for ensuring your IT firm meets the necessary standards for safeguarding your clients' sensitive data.
- ✓ How to avoid penalties, data breaches, and loss of client trust.

Never Ask an I.T. Services Company,
"What Do You Do to Keep Us Compliant?"
Instead, Make Sure You Ask,
"How Will You Protect Our Client Data
and Ensure We Stay Compliant?"
And Know the Difference Between *Real Protection*
and Basic IT Monitoring



From the Desk of:
Farzon Almani
Founder & CEO
One82, LLC.

Dear Colleague,

The FTC Safeguards Rule, a part of the Gramm-Leach-Bliley Act, has been around for years. However, the revised Rule took effect on June 9, 2023, bringing stricter requirements for financial institutions, including CPA firms, tax preparers, law firms, and more.

The penalties for non-compliance are serious: fines can reach up to \$100,000 per violation, with \$43,000 per day for each consent violation, and individual officers may be personally liable, facing fines up to \$10,000 per violation.

No matter the size of your firm, compliance is not optional. If you handle sensitive customer information, even for a single client, you must comply with the FTC Safeguards Rule. This guide will help you understand how to achieve compliance, protect your business, and safeguard your clients' data.

In the end, my purpose is to help you make the most informed decision possible so you end up working with someone who helps you solve your problems and accomplish what you want in a time frame, manner and budget that is right for you.

Dedicated to serving you,

Farzon Almani,
Founder & CEO
One82, LLC.

About The Author

"Leadership is not about a title or a designation. It's about impact, influence and inspiration. Impact involves getting results, influence is about spreading the passion you have for your work, and you have to inspire teammates and clients." Robin S. Sharma

Farzon is the Founder and CEO of One82, LLC, a client-driven IT & Cybersecurity services company in Northern California. He has over 30 years of experience in the IT field, with multiple industry credentials. He is an expert in cloud computing, cybersecurity, IT service management, and new business development, and has helped hundreds of companies achieve their IT goals and improve their profitability.

As a seasoned entrepreneur, Farzon is passionate about delivering innovative and customized solutions to his clients, and inspiring his team to excel in their work. He believes that leadership is about impact, influence, and inspiration, and that balance is a key to success.

Farzon founded One82 in 1999 as one of the first IT & Cybersecurity Managed Service Providers. Since then, One82 has grown into a full-service managed I.T. services company serving small & medium businesses, but with a specialty in Accounting, Financial, Legal, and other professional services markets.

With a focus on the California Bay Area, Central Coast, and nearby regions, One82 provides services to customers across the US and various global markets such as AMER, EMEA, and APAC.

For several years, Farzon has proudly held the role of Captain of TruMethods TruPeer, leading and collaborating with the very best MSPs in the business. Additionally, Farzon is a proud member of ProVisors, an exclusive community of trusted advisors, where he engages in professional growth and business networking with leaders in various industries. He is also a member of TAG (Trusted Advisors Group), in which he collaborates closely with experts in several fields including valuation, finance, banking, employee benefits, insurance, capital markets, and commercial real estate.



Does the FTC Safeguards Rule Apply to You?

Here's How to Find Out

If you're unsure whether the FTC Safeguards Rule applies to your business, it's critical to take a closer look. The Rule is broad and affects more organizations than you might think. While it's easy to assume that only large financial institutions are required to comply, the reality is that any business handling sensitive customer information may fall under this regulation.



Here's a step-by-step guide to determine whether the FTC Safeguards Rule applies to you:

1.

Do you offer services that are “financial in nature”?

This goes beyond traditional financial institutions. If you provide tax preparation, bookkeeping, or legal services involving financial transactions, you are likely covered by the Rule.

2.

Do you handle consumer financial data?

This includes tax returns, Social Security numbers, credit card details, or bank accounts. If so, you're required to comply with the Rule.

3.

Do you store or manage client files containing sensitive data of their customers or employees?

If your business stores files like QuickBooks or legal documents with information about your client's customers or employees, you must protect that data.

4.

Do you or your clients handle data for more than 5,000 customers?

If the total number of all your clients and their customers and employees exceeds 5,000 combined, the FTC Safeguards Rule applies to you.

To Schedule Your FREE Assessment,
please visit www.One82.com/call or call our office at 408-335-0388

What You Need to Do to Stay Compliant

The **Safeguards Rule** requires three categories of safeguards: **administrative**, **technical**, and **physical**. Each plays a critical role in protecting your clients' data.

Here's a breakdown of the specific requirements:

Administrative Safeguards.

- **Employee Training:** Regular training is required for all employees, covering data protection and response to security threats. Security awareness should be updated to reflect the latest risks.
- **Access Control:** Only authorized personnel should have access to sensitive information, using strong passwords, MFA (multi-factor authentication), and role-based access.
- **Written Information Security Plan (WISP):** Every firm must have a written information security plan to manage and recover from a security event. Firms that handle information for more than 500 consumers must report breaches to the FTC within 30 days.



Technical Safeguards.

- **Risk Assessment:** Perform and document regular risk assessments to identify threats and evaluate current security measures.
- **Encryption:** Sensitive customer information must be encrypted both in transit and at rest. If encryption is not feasible, compensating controls must be approved by the Qualified Individual.
- **Cybersecurity Monitoring:** Conduct regular penetration tests, vulnerability assessments, and continuous monitoring of key systems.
- **Remote Work Security:** Remote workers must follow strict security protocols, including avoiding public Wi-Fi and ensuring the security of home devices.

Physical Safeguards.

- **Office Access Controls:** Restrict access to sensitive areas such as server rooms to authorized personnel only, using methods like keycards or biometric markers.
- **Secure Disposal of Hardware:** When decommissioning hardware, ensure data is fully wiped to prevent unauthorized access.



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Quick Self-Assessment Are You at Risk of Non-Compliance?

To determine if you're at risk of non-compliance, **do the following calculation:**

- Total number of **your clients** (past and present) in your software and data banks.
- Total number of **your clients' employees** (accessible through your software and data banks).
- Total number of **your clients' customers** (accessible through your software and data banks).

If this total exceeds 5,000, the FTC Safeguards Rule applies to you, **even if your firm itself does not handle 5,000 individual clients**. Even one client with access to thousands of customer records through e-commerce platforms or other digital means could mean **you must comply**.



Protecting Your Firm from Data Breaches and FTC Penalties

Complying with the FTC Safeguards Rule isn't just about checking boxes to avoid fines. It's about proactively protecting your firm, your clients, and your reputation from the very real risks posed by data breaches. Cyberattacks are on the rise, and businesses of all sizes are vulnerable. One successful breach can have devastating consequences, including financial losses, lawsuits, and lasting reputational damage.



The Consequences of Non-Compliance

If your firm fails to comply with the FTC Safeguards Rule, the penalties can be severe. Fines of up to \$100,000 per violation and \$43,000 per day for each consent violation can quickly add up, placing an enormous financial burden on your firm. But beyond fines, your business may face civil lawsuits if a data breach exposes sensitive client information. This could result in even greater financial losses and long-term reputational damage that drives clients away.

It's also important to remember that non-compliance can affect more than just your company. The FTC **can hold individual officers personally liable**, with fines up to \$10,000 per violation. This personal accountability makes it critical for senior management to ensure their firm is fully compliant.

Partnering with a Managed Services Provider (MSP) that specializes in your industry's compliance needs will help ensure that your firm is fully protected and compliant.

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The IT Firm Checklist: Are They A Fit for Your Compliance Needs?

To stay compliant with the FTC Safeguards Rule, **your IT provider must meet certain standards**. Use this table to ensure your IT partner is the right fit for your firm. **If they can't check every box, they're not a fit..**



Requirement	Does Your IT Firm Meet This?
Specializes in the needs of accounting, financial, and legal firms.	<input type="checkbox"/>
Proactively configures and ensures encryption for all sensitive data, both in transit and at rest.	<input type="checkbox"/>
Regularly conducts penetration testing and vulnerability assessments.	<input type="checkbox"/>
Ensures all employees are trained in data protection and cybersecurity.	<input type="checkbox"/>
Provides an incident response plan (WISP) and can act as your Qualified Individual for oversight.	<input type="checkbox"/>
Offers 24/7 cybersecurity and compliance monitoring of your systems and immediate breach detection.	<input type="checkbox"/>
Implements and periodically reviews access controls to ensure only authorized users can access necessary customer information.	<input type="checkbox"/>
Complies with FTC hardware and software standards, including secure disposal.	<input type="checkbox"/>
Implements multi-factor authentication (MFA) and strong password policies.	<input type="checkbox"/>

If your IT provider doesn't meet all these requirements, your firm could be at risk of non-compliance—and you could face significant fines or legal action.

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Dedicated to your security,
Farzon Almani
Founder & CEO, One82, LLC.



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Are You Done With Frustrating I.T. Support And Never-Ending I.T. Problems?

Give Us A Call To Get The Competent I.T. Support You Need
And The Responsive, Honest Service You Want

If you want to find an I.T. company you can trust to do the right thing, the next step is simple: call my office at **408-335-0388** and reference this report to schedule a brief 10- to 15-minute initial phone consultation.

You can also go online and schedule the call here: www.One82.com/call

On this call we can discuss your unique situation and any concerns you have and, of course, answer any questions you have about us. If you feel comfortable moving ahead, we'll schedule a convenient time to conduct our proprietary 103-Point I.T. Systems And Compliance Risk Assessment.

This Assessment can be conducted with or without your current I.T. company or department knowing (we can give you the full details on our initial consultation call). **At the end of the Assessment, you'll know:**

- ✓ Whether or not your I.T. systems and data are truly secured from hackers and ransomware, and where you are partially or totally exposed.
- ✓ If your data is *actually* being backed up in a manner that would allow you to recover it quickly in the event of a data-erasing emergency or ransomware attack.
- ✓ Where you are unknowingly violating FTC Safeguard Rule, PCI, HIPAA, GDPR, CCRA, FINRA, and other regulatory compliance.
- ✓ How you could lower the overall costs of I.T. investments, improving communication, security and performance, as well as the productivity of your employees.

Fresh eyes see things that others cannot – so, at a minimum, our free Assessment is a completely risk-free way to get a credible third-party validation of the security, stability and efficiency of your I.T. systems. There is no cost and no obligation. We are here to earn your trust and demonstrate a far better way to get you the I.T. services and support you need.

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Dedicated to serving you,

Farzon Almani, Founder & CEO
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See What Other Business Leaders Are Saying:

You will not find better service for the price



The thing that I appreciate the most is the level of experience of the techs. I never feel like I know more about something than any person I work with at One82. They are able to quickly access all of our computers and systems to support us, and they make it easy. You will not find better service for the price.

– Michelle C.

One82 is a champion of the customer



The single largest benefit I've experienced with One82 is control. One82 does a great job providing a controlled work environment to protect the company from Cybersecurity threats and downtime. Their professionalism is top-notch, too. They are very friendly and professional, while also maintaining our company's best interest. Also, One82 is responsive and quick to tackle any issue. One82 is a champion of the customer/firm, and I would highly recommend them to anyone.

– Robbie M.

Our partner for over 15 years



One82 has been our dedicated IT provider for over 15 years. The team is super knowledgeable and keeps up with new technology to help our business keep its competitive edge. They are proactive in solving problems that might come up instead of waiting for foreseeable issues to arise.

– Erika L.

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See What Other Business Leaders Are Saying:

Their techs treat you like family



One82 is the best IT firm I have ever worked with, and we have been working with them for more than 10 years. They moved us to Microsoft 365 Cloud and made our work so much easier. I always feel confident that my issues will be resolved in a timely manner. Each technician devotes more personal attention to my issues than any IT I have ever worked with in the past. Their Techs treat you like Family. There isn't another IT Company out there that will take care of you in the same way One82 does.

– Tricia M.

One82 is simply amazing!



One82 is simply amazing! Our working relationship is a beautiful mix of friendliness, professionalism, and expertise coupled with the confidence that my problem will be resolved quickly. Their entire staff has always been extremely patient and gracious with working with me and my team. Beyond the routine running of my business, One82 is also concerned about our future whether it be hardware, software, cloud options, or cybersecurity concerns. It is deeply reassuring to know that they are vigilant regarding our safety. Honestly, I couldn't be happier to be taken care of by One82 and recommend them wholeheartedly.

– Kathy W.

The single biggest benefit is peace of mind



One82 understands how to partner with CPA firms. They understand our peak seasons and our deadlines. One82 is always very responsive when we need help and they meet with us on a quarterly basis to go over our systems and make recommendations on how to make things more secure. The single biggest benefit of partnering with One82 for our IT and Cybersecurity needs is peace of mind. We can always count on working with experienced technicians who are on time.

– Brian R.

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See What Other Business Leaders Are Saying:

They know their stuff when it comes to cybersecurity



I have had the pleasure of working with Farzon and his team for the last couple of years. Not only do they provide great IT support but they know their stuff when it comes to cybersecurity.

– Roger W.

Expertise that greatly benefited our operations



I must say that their services were quite impressive. Farzon's expertise and knowledge has greatly benefited our operations. Their team's dedication and quick response to technical issues were commendable. Overall, a reliable IT partner for any business.

– Chad R.

Expertise that greatly benefited our operations



We used to have an in-house IT team, but our business needs changed, and we decided to outsource our IT and Cybersecurity to One82. It has been nearly a year now and I can confidently say It was one of the best decisions we ever made. One82 is a professional and trustworthy IT partner that delivers high-quality results. They have a great team of experts who are friendly, have excellent attitudes and skills, and have very fast response. If you are on the fence about who you should choose, I highly recommend One82.

– Zoya S.

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