



BULLETIN C-16-1

TO: All Non-Depository Financial Institutions Doing Business in Tennessee

FROM: Greg Gonzales, Commissioner 

DATE: June 9, 2016

SUBJECT: Requirements of Safeguarding Customers' Information

From time to time there are reports of distressful and troubling situations where a business may have disposed of customer records, including personal information, in a lax and haphazard manner, exposing the records and personal information to the risk of unauthorized access or use. Financial institutions doing business in Tennessee are reminded of their obligation to safeguard any and all customer personal information in their possession, and to protect against the unauthorized access to or use of any such information in connection with its disposal.

The Tennessee Identity Theft Victims' Rights Act of 2004, Tenn. Code Ann. § 39-14-150, provides, in pertinent part, at Tenn. Code Ann. § 39-14-150(g), that any record containing the personal identifying information of one of its customers shall not be discarded unless the business takes action to destroy the customer's personal identifying information in a manner that it reasonably believes will ensure that no unauthorized persons have access to the personal identifying information contained in the customer's record for the period of time between the record's disposal and the record's destruction. The statute should be consulted for definitions and additional specific requirements.

To the extent that the Tennessee Identify Theft Victims' Rights Act of 2004 may be inapplicable to an institution because of the federal Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801, *et seq.* (the "GLB Act"), any such institution is reminded that the GLB Act requires companies defined under the law as "financial institutions" to ensure the security and confidentiality of the personal information of their customers. In addition, the Federal Trade Commission (the "FTC"), as part of its implementation of the GLB Act, issued the Safeguards Rule, 16 CFR Part 314, which requires covered institutions to, among other things, dispose of customer information in a secure way and, where applicable, consistent with the FTC's Disposal Rule, 16 CFR Part 682.

The policies and procedures of all financial institutions licensed or registered by the Department with respect to financial records security and privacy will be subject to review during the examination process.