

June 25, 2024

Brian MacDonald
CEO, CDK Global
1950 Hassell Road
Hoffman Estates, IL 60169

RE: Compliance Obligations Arising from CDK DMS Cyberattack

Mr. MacDonald:

The California New Car Dealers Association (CNCDA) represents nearly 1,400 franchised car and truck dealers in California. Our members are engaged in retail sales and leases of new and used vehicles, and also provide automotive services, repairs, and parts.

CDK's Dealer Management System (DMS), which has substantial market penetration in California, has recently suffered severe disruptions. Since last Wednesday, many of our dealer members — your clients — have experienced total outages of their DMS systems. We understand from your communications to dealerships that this disruption was due to a cyberattack described as a “ransom event.”

This letter serves to highlight the potential legal implications of the CDK DMS cyberattack under California's data privacy laws. Specifically, businesses must notify California residents when a data breach results in the release of unencrypted personal information, and such notification must be provided “immediately following discovery” of the breach. (Cal. Civil Code section 1798.82.) California Vehicle Code section 11713.25(a) also mandates that DMS providers like CDK maintain robust administrative, technical, and physical safeguards to protect the integrity, confidentiality, and security of information obtained from dealerships.

Given the extent and duration of the recent DMS outage and reports confirming its cause as a ransomware attack, it raises significant concerns regarding the security of the data managed through your system. It is imperative that you promptly determine whether this incident resulted in any unauthorized release of unencrypted personal information and communicate this information to your California dealer clients immediately.

Please contact me directly should you require further clarification or wish to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Maas', with a stylized flourish at the end.

Brian Maas
President
California New Car Dealers Association

CC:

Cameron Williams, General Counsel at CDK Global
Matt Beckner, AVRS – Western Region
Stacey Castle, Greater Sacramento New Car Dealers Association
Mark Maxwell, Silicon Valley New Car Dealers Association
John Sackrison, Orange County Automobile Dealers Association
Bob Smith, Greater Los Angeles New Car Dealers Association
Scott Webb, New Car Dealers Association of San Diego
All CNCDA Dealers