



F&I

Gil Van Over

Can you Pass a Compliance Audit?

The area code on the caller ID was the same area code where the week's consulting engagement found me. I assumed it was someone from one of the dealerships calling about something.

To my horror, the voice on the other end started out with "Mr. Van Over, I found an article you wrote on the Internet about straw purchases. I want to sue my car dealer for making me do a straw purchase. Can you help?"

After she confirmed that her dealer was not my dealer, I explained to her I don't help consumers sue car dealers. End of conversation.

I get some strange calls. On more than one occasion, I've received a call from a F&I manager who just lost his or her job because of what I uncovered in my compliance review. Upset. Umbrage. Disbelief. How could I do this?

They forget that I simply found the horrific mistake they made that led to their dismissal. So the question is...can you pass a compliance audit?

Grounds for termination

There are varying degrees of offenses or violations or exceptions to policy that we find. Most of the variances are discussion points and wrist slaps and promises to do better. Some of the variances are grounds for termination. These terminable offenses are federal crimes and put the dealership owners at risk.

Forgery and bank fraud are two offenses that should earn the offender a spot in the unemployment line.

Forgery

You simply cannot sign someone's name to a document and ever expect it to stand up under scrutiny. It does not matter what document you sign, or how good of a forger you've become. Forgery is forgery and is a

federal crime.

Most of the forgeries we find are not for personal gain. It is because a manager or a salesperson overlooked or forgot to obtain the customer's signature on a document while the customer was at the dealership. Instead of either getting the customer back into the dealership or sending someone to the customer to get the signature, a foolish employee decides that it would be easier to just sign the customer's name.

Many times we uncover the forgery because the name is misspelled. Other times, the signature does not flow like the rest of the signatures.

Also considered forgeries are allowing a spouse to sign for the other spouse without a valid power of attorney.

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Finally, using the famous "Signature on File" or any of its numerous variations should be verboten.

Bank fraud

The Federales don't take kindly to anyone defrauding our financial institutions. General, sales and F&I managers have found themselves ordering a bunch of soap-on-a-rope for the time they are spending behind bars for committing bank fraud.

Federally insured institutions must report incidents of bank fraud to their regulator on a form known as a Suspicious Activity Report (SAR). These institutions will file a SAR if it suspects you have:

- Power booked.
- Falsified income.
- Falsified other credit application information.
- Constructed a straw purchase.

The argument that it is just the car business and that is what you have to do to get a deal funded is no longer valid. Even though lenders may have looked the other way in years past because of the amount of business you did with them, it just ain't that way anymore. If the lender fails to file a SAR when it should have, it is subject to a \$16,000 fine for each failure to report.

A lender is not going to risk losing its charter because of a relationship with you.

If you are doing any of these things, you will not pass a compliance audit if caught. You may very well lose your job. Is it worth it?

Continued good luck and good selling. 

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