

Article from **Dealer Magazine** (http://www.imakenews.com/dealercomm1/e_article001616275.cfm?x=b11,0,w)

December 8, 2009

Second chance bites

by Gil Van Over

The news story started out familiar enough.

An Office Manager was convicted of embezzlement. The seven figure amount was enough to shut down the dealership.

She was sentenced to jail time and restitution on a bank fraud charge.

Then the story got interesting.

This Office Manager had used the flooring source's online system to create an elaborate car-kiting fraud scheme that lasted for over a year. She admitted to inflating the value of new and used cars, including vehicles that were never in inventory.

She also wrote checks to herself by forging signatures of authorized signers and paying herself commissions that she didn't earn. Additionally she inflated her overtime on her payroll records.

Then the story got more interesting.

Part of her defense was that it wasn't all her fault because the dealership did not have adequate internal controls in place to prevent her from perpetrating the fraud.

Then the interest level escalated for the third time.

She was originally going to prison for 41 months, but the fact that she had a criminal record forced the judge to increase the jail time to 63 months under the Federal Sentencing Guidelines.

She was convicted in 1987 for writing checks on a closed account. A dozen years later she was convicted of writing checks to herself from her company's account. Four years after that conviction, she was caught forging signatory's names on checks written to herself at yet another employer. The amounts escalated from four figures to five figures to the latest seven figure fraud.

Now the absolute kicker.

THE DEALER WAS AWARE OF HER CRIMINAL RECORD. The dealer decided to give her another chance, then put her in charge of the very areas where she had been tempted to commit fraud in the past and did not put any internal controls in place to protect the dealership's investment.

Instead, the owner has apparently sued the bank accusing it of negligence for not detecting the falsified floor plan information submitted by the Office Manager.

Incredible.

© 2009 by gvo3 Consulting, LLC. All rights reserved.

Published by [Dealer Communications](#)

Copyright © 2010 Horizon Communications Inc.. All rights reserved.

Information in this newsletter is provided by both proprietary and public sources. Dealer Communications makes no claims as to the accuracy of information provided by third party providers.

Powered by [IMN](#)