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Sometimes we are our own worst enemy IV

by Gil Van Over

Another week, another dealership employee pleads guilty to fraud.

This time, it was the General Manager and he faces up to 20 years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution. The fraud he admitted to? Power booking leases over a four year period for over \$60,000.

What was he thinking? Obviously not clearly.

All of the leases were with the same leasing company. Any good leasing company will check the options that were represented on the vehicle at the time the lease is approved and booked with the options that are on the vehicle when the customer terminates the lease and returns the vehicle.

I have to believe that the leasing company detected this pattern and filed charges with the U.S. Attorney, who filed wire fraud charges.

What could the dealer have done to protect itself against a kinky General Manager, the person in the dealership who should be watching the owner's back and bank account?

Regular audits performed by the Office Manager or the dealer's accountant could have caught the scam, especially if one of the file selection criteria is deals with exceptionally high front end and back end grosses.

The F&I Manager likely knew what was going on. Having a policy in place that explicitly forbids bank fraud and requiring that employees report instances of bank fraud to the owner may have encouraged the F&I Manager to report the fraud.

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