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Mickeys, Straws and SARs

by Gil Van Over

"Everybody's doing it!" This defense didn't work when I was entering my teenage years and it doesn't work for dealers now.

Back when I was a young teen, I would spend a month in the county where my parents grew up. Understand, my parents each had 12 siblings and each aunt and uncle averaged five kids each. Suffice it to say, I have a lot of cousins and almost all of them lived in the same county.

Since there weren't any movie theaters or skating rinks or much of anything to do in the county, we had to create our own excitement. One favorite pastime was to hide on lumber piles with a bag of crabapples once the sun moved past the horizon. We were strategically hidden so that we could see the headlights of cars coming down the hill and around the bend.

Our objective was to hit the passing cars when they had to slow down to navigate the curve. I admit, we learned this trick from watching the horrendous tapes of the Kennedy assassination.

Of course, we got caught and the defense that cousins Faron and Gary were doing it too didn't keep a hickory switch from hitting my backside.

Likewise for dealers today operating under the mistaken notion that "Everyone's doing it," to rationalize why they still allow managers to mickey credit applications, coordinate straw purchases, conjure artificial down payments and power book used car transactions.

These four fraudulent activities, if transacted on a deal submitted to a federally insured institution, will result in the institution filing a nefarious sounding *Suspicious Activity Report (SAR)* with the Feds.

I don't know about you, but I'm not thrilled with the thought of any government agency getting a report about me labeled Suspicious.

Also, do not operate under the mistaken notion that your relationship with a lender will save you. If the lender is supervised by the FRB, FDIC, OCC, OTS, NCUA or Treasury, the lender is **required** to file a SAR on any suspicious transaction. Failure to do so can result in an \$11,000 fine to the institution. A pattern of failing to file on qualifying transactions can lead to the institution's charter being pulled, effectively closing the institution down.

Since the institution can't tell you that it is filing a SAR, you won't know you have a problem until the FBI shows up at your door with a warrant to take all of your deal files.

It just isn't worth it to commit bank fraud to get a deal done by hoping you don't get caught.

Your pain could be considerably worse than that hickory switch whuppin' I received a long time ago.

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