

## **How Ironic! -- Joe fired for fraud and starts new job the next day**

by : *Gil Van Over*

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I admit that I don't know everything about everything. I don't know something about everything. I know enough to know that I don't know everything about some things, but I do know something about some things.

I know irony. I find irony in a lot of life's observances. For example, I find it ironic that there is a seafood buffet at Sea World. Or that I know a lot of Denises, but no Denephews. Closer to home, ironically, I play less golf now that I live on a golf course.

I also see the irony in that an F&I manager or a sales manager or a salesperson can be fired from a dealership for fraud and start working five minutes later five miles down the road. I can ask almost any F&I manager who has been spinning deals for a few years who the kinks are in town and get a name. Or five.

### **Case study**

I got called in on a case a few years back where the dealership owners discovered that an F&I manager had forged a lease agreement. They uncovered the scam when the customer called wanting to know why her payoff was so high. When she brought her paperwork to the dealership, she had a 60-month retail contract. The dealership's file contained a 66-month lease agreement with the same financial institution at the same payment amount as the customer's retail contract.

She came into some money and decided to pay off her loan within a few months of buying the vehicle. She was shocked that the payoff was thousands of dollars higher than the purchase price of the car.

The dealership determined that the F&I manager had forged the lease agreement and cleansed the file of any reference to a retail deal. He was immediately terminated.

When I arrived a week later to review all the deals this F&I manager had closed within the last year to determine the extent of the problem, the owner was incredulous. The fired F&I manager was already working for another dealership a few miles from his store.

### **Case study deux**

In one of our compliance audits, we uncovered that an F&I manager was stuffing products into the deals. The product was not included on the menu, was put into the cash price on the buyer's order and retail contracts and the product enrollment forms were signed "signature on file." The customers had absolutely no idea that they had, quote unquote "purchased the coverage."

When we walked the owner through the scenario and he understood the gravity of the fraud, he confronted the F&I manager. She admitted to the scam and was fired on the spot.

About a year later, we are in the same metropolitan city at a different client. Guess whose smiling face was in one of the F&I offices? The fired fraudster.

Guess what the review of her files uncovered? Yup, stuffing products into retail transactions without the customer's consent. This time though, she resigned within a half an hour of our arrival and saved the owner the trouble.

Unfortunately, rumor has it that she is pulling the same scam at another dealership in the same town.

### **So, what's the solution?**

Unfortunately, in today's litigious environment, most employers refuse to release very much information when another company calls for an employment reference. In fact, many attorneys advise their clients to only release hire and termination dates and maybe the fact that the ex-employee is eligible for rehire.

This makes it nearly impossible to find out if the person applying for the F&I manager or sales manager job committed fraud on his last job.

My solution? Require that F&I managers be licensed, with the license belonging to the dealer. If the F&I manager commits fraud and is terminated for cause, allow that to be reported to the state licensing agency, in effect banning the fraudster from plying his trade in that state. Make the fraudster move across the state line.

Some states require that sales people be licensed. Other professions such as doctors, accountants, lawyers and nurses have to be licensed to practice their profession. Maybe it is time for F&I managers to have the same requirement.

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