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Observations from conventions

by Gil Van Over

I attended two conferences this past week. On Thursday, I participated in a panel discussion on employee and dealer fraud at the American Financial Services Association conference. Other panelists included a risk manager for an independent lender, a vice-president for fraud recovery for one of the credit bureaus, and a dealer. The other convention was the NADA convention. Here are a few of my news, reviews and observations from the conferences.

No Tire Kickers

Some of the unofficial numbers being bandied about report that only twenty five percent of the registered dealers showed up for the NADA conference. While seeing someone with a Dealer badge was cause for celebration and the poor folks were mugged like rock stars, the ones that were there were serious buyers for something. They had a purpose. If a dealer stopped by your booth, it was for a reason. Most of the vendors I spoke with reported a diminished number of leads year over year, but acknowledged that the quality of the leads appeared to be much higher.

Looking for Credit

Most of the dealers I spoke with were looking for credit, whether it was floor planning, consumer credit, or subprime credit. And even though the usual lending community was at NADA, dealers say they were in deflection mode. The dealers felt as if the conversations were more fencing matches instead of how can we make this happen. The few lenders I spoke with almost acted like they had been beaten down and really didn’t want to be at the convention.

Politicians Killed the Parties

Many of the traditional extravagant parties held after the conventions doors closed also closed their doors this week. I suspect the manufacturers were leery of a public backlash from the same politicians who bashed the Detroit Three from flying to the hearing in private jets. Ironically, though, some of the lenders, who are taking more billions from the feds that GM and Chrysler are, had their party. And of course, the politician had their extravagant parties on Inauguration Evening, but will tell you that the cost was born by the private sector. I just wonder how many of the parties were paid for by companies taking bailout dollars. The irony is staggering. But, just my opinion.

The FTC was Omnipresent

One booth in the middle of the exhibit had a number of governmental agencies, from the IRS to OSHA to the FTC. Every kiosk was attended by a human, except for the FTC. Every kiosk had paper handouts, except for the FTC. The FTC kiosk simply had a

CD-Rom called the FTC Briefcase, which contained much more information on the areas regulated by the FTC than any handout.

However, the FTC was represented in some of the workshops. One comment made by an FTC regulator concerned the Red Flags Rule. She said that even though enforcement is delayed until May 1, 2009, that if a dealer has a breach, the FTC will want to see what the dealer has done to date to comply with a law that is currently in effect. The morale: Don't wait until May 1 or run the risk of the consequences if you have a breach.

Keeping Honest People Honest

Regardless of who I spoke with, once they found out what gvo3 does for a living, the question invariably got around to a question that can best be describes as "How do I keep honest people honest in these trying times?" The main areas of concern continue to be desperate consumers who will lie on a credit application and provide false documentation, or desperate employees who will help consumers lie on a credit application or provide bad information to the lenders, or desperate employees who will take advantage of poor internal controls and steal from the dealer. More on this topic next week.

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