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## **Pay raises, bonuses and promotions**

*by Gil Van Over*

Working Americans love and appreciate pay raises, bonuses and promotions. Legitimate ones, that is. They are less than thrilled when fictitious pay raises, bonuses and promotions are listed on credit applications without their knowledge in an attempt to get a deal bought. View a recent expose out of our country's mid-section making the internet rounds for proof.

Here are some red flags (and suggested actions) to help detect if you have a rogue sales person, manager or F&I manager perpetrating bank fraud in your good name.

### **Blank income**

Managers will complain that sales people can't figure out income correctly. Monthly income is not properly computed if the customer provides weekly income. Sales people and customers are confused over net versus gross. Yada yada yada. Permitting anyone who completes a credit application on behalf of a customer to leave the income section blank is creating an opportunity for someone to complete the information later. Maybe with false information. Train the sales people to get it right or don't let them complete credit apps.

### **Blank credit apps**

Some captives require that their propriety credit apps accompany the deal and supposedly have suggested to F&I Managers to simply have the customer sign a blank credit app. Other dealer employees report that they are trained to get a blank credit app signed, just in case. As the aforementioned video confirms, many times blank credit apps are obtained to be able to falsify information to the lenders. Absolutely forbid the acceptance of blank, signed credit applications!

### **Differences between paper and electronic**

The emergence of the credit application aggregators have created a loophole for nefarious employees to falsify income or job descriptions on application submissions. Have your IT professional create a monthly report for you that lists all applications submitted through each of the aggregators and highlights the variances. Prepare to be shocked.

### **Made up information**

Another expose (probably from May 2006. These exposes always seem to surface during sweeps months) shows a customer who is shocked when shown the job information on her credit application. "I never worked at XYZ store!" she proclaims. Some dealership employees seem to be adept employment recruiters by obtaining jobs for customers. Have your same IT professional ping your DMS on a monthly basis for a report that gives you customer names and business phone numbers. Review all deals that have the same phone numbers.

Falsifying income information, whether it is through mickied raises, phony job descriptions or shaky additional income is fraud. If perpetrated against a federally insured institution (most lenders outside of captive community), that institution is required by law to file a Suspicious Activity Report against your dealership with the Department of Justice. Too many SARs and the FBI may come knocking.

Keep them at bay with a reasonable approach to preventing the fraud.

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