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Shocking identity verification

by By Gil Van Over

I am shocked, SHOCKED, I say, at the results of last week's Dealer Magazine poll, which reported that two-thirds of dealers are not going out of the way to verify customer's identity. I have been an expert witness in cases where the dealer was accused of facilitating the theft of a customer's identity, and even when we showed the dealer was not at fault, the judge still recommended settlement to trial. "The jury will want someone to pay for this lady's travesty, and you have the cash," were his words.

As a primer, identity theft is the fastest growing crime in America. At last report, over 25 percent of Americans have either had their identity stolen or compromised in some way. You can perhaps stay out of the judge's chambers (with instructions to settle) by implementing the following.

- *Train employees to detect identity thieves.* Some of the common red flags to watch for include:
Customer has an expired or pre-dated driver's license
An insistence to conduct the transaction by phone, fax or e-mail
There is an accomplice waiting outside in the get-away car
The customer willingly pays MSRP and purchases all products offered
- *Adhere to the FTC Safeguard's Rule.* Under this rule you are required to conduct periodic audits of your Safeguards program and provide annual training for employees. Keep documentation of audits and training to show that you are taking your responsibilities seriously.
- *Watch for fraud alerts in credit bureau reports.* Consumers can now place an alert in their credit files if they suspect their identities have been compromised. Not only is it a good practice to watch for any alerts as a potential red flag, it is also your responsibility to do so under the FACTA Act. Require a manager's initials next to any alert to demonstrate that you are watching the alerts. As an aside, if you don't follow the alert's requirement, the lenders you sell paper to will be checking and if the deal is a fraud deal, you will be left holding the paper and good luck finding your vehicle.
- *Don't accept phone apps.* Identity thieves commonly call a car dealer as soon as they obtain someone's information to see if the victim has a credit profile worth stealing. When your salesperson takes a three liner, runs a bureau and then tells the thief that she has great credit, yours will be among the last inquiries at the time the identity was stolen.
- *Purchase identity verification software.* A number of reputable companies that offer OFAC checks and menus have developed state of the art identity verification software. Having a printout of your search using this software should provide mitigating evidence if an identity thief somehow gets past the software's algorithm. Some of the providers even offer a warranty to deflect some of your costs should you end up in court.

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