

## Staying Out of the News

by : Gil Van Over

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As much as I rail against the media for being empty heads and pompous asses, you'd never suspect that I started my college curriculum as a journalism major.

Yup. I wanted to be a sportswriter. I was the sports editor for my high school paper and thought it would be a great profession to pursue.

Then reality hit. Most journalists are like most artists. Starving. I like to eat. So off to business school I went.

I did take enough journalism classes to know that, believe it or not, ethics are taught in journalism classes. Listening to today's crop of media stars you'd never think it were so.

For example, as I write this, the financial sky has fallen and is covering the world like no depression before it. Where is the objectivity and reporting of some good news instead of a constant bombardment of gloom and doom?

As I write this, a potential merger between GM and Chrysler is being reported and most journalists have already labeled it the next great disaster. Where are the objectivity and reporting of the possible synergies and cost savings to create a stronger company?

And, as I write this, dealership after dealership is being hit with internal fraud and theft that is further weakening the owners' ability to hold onto their life savings. Watching the flow of news stories over the Internet could lead one to believe that all dealers are either crooks or hire crooks. Where is the objectivity and the reporting of all the good things dealers are constantly doing to support their communities?

### **Some examples of dealership misfortunes that have been reported lately include:**

*A former salesman at a Texas dealership and four others were arrested for stealing numerous vehicles in a "complex identity fraud scheme."*

*An attorney general recently levied fines and restitution worth \$150,000 against a dealership for a "litany of deceptive act." including deceptive advertising, signing blank contracts, stuffing products, promising rate reductions, holding documents, and increasing the cash price.*

*A finance manager was extremely upset over a scenario at his dealership that day and posted it on an online forum. The conflict was with a sales manager and the topic was whether to deliver a potential straw purchase. The finance manager was adamant that the deal not go through while the sales manager was just as adamant that the car started moving down the road.*

*A former salesperson has been indicted with charges of wire fraud. He allegedly submitted worthless customers' checks to check approval companies used to pay for the vehicle on which he received a salesperson commission. Some of the checks were from closed accounts.*

*A general manager faces up to 20 years in federal prison without parole, plus a fine up to \$250,000 and an order of restitution after admitting to fraud. The fraud he admitted to? Power booking leases over a four year period for over \$60,000.*

As I read the articles, my thoughts keep drifting to one question: “Where was the management oversight and policies and reviews that should have caught this scheme before it got past one or two at the most?”

### **How to protect yourself**

You can protect yourself against these types of charges being levied against your business with some old-fashioned corporate governance.

- Establish a tone from the top. These types of acts will not be tolerated and will lead to disciplinary action, up to and including termination.
- Develop and implement policies and procedures for Safeguards, Red Flags, sales and F&I. Provide the materials to all involved employees and obtain an acknowledgement to adhere to the policies after the employees have sufficient time to review the materials.
- Establish a list of non-negotiables that, if violated, warrant immediate termination. This list should include any form of bank fraud or criminal activity such as forging documents.
- Provide regular training on the policies and procedures and document the training delivered.
- Conduct regular, periodic audits of the work performed to ensure compliance with your policies.
- Regularly review your policies and procedures for modifications as new technology, regulations or efficiencies evolve.

Putting a process in place could help you avoid becoming one of the streaming news articles portraying dealerships in a bad light.

**Gil Van Over** is the president of gvo3 & Associates, a nationally recognized dealer compliance consulting firm. He assists dealers with F&I and sales compliance.