

# Identity theft and fraud: Don't lose cars to identity thieves



## Please route to:

- Dealer principal
- General manager
- F&I manager
- Sales manager
- Service manager
- Office manager

Identity theft is a growing problem, particularly in the area of auto sales and financing, where an hour's effort by thieves can produce lucrative yields in a single transaction. If you're a bad guy, why get involved in a messy carjacking scenario that carries stiff penalties and the opportunity to get shot?

It's much more inviting to make an identity theft purchase of a \$50,000 vehicle from a car dealership victim who is totally unaware. Risks are low, penalties are weak and best of all, your identity remains unknown.

## Learn to spot the red flags

Before the perpetrator gets the chance to vanish, protect your business against identity fraud by implementing a series of internal security procedures and ensure your staff knows how to spot the red flags of such a swindle. Look for clusters of behaviors or multiple signs, not just one thing.

Beware of teams operating together, such as people who pose as a father/daughter or mother/son teams. The person negotiating the deal is usually higher up in the ring than the individual who doesn't speak. Sometimes the individual who doesn't speak – and whose name goes on the deal – has been recruited for this single deal and will be sacrificed quickly if the scam is uncovered.

Teams usually perform advance target selection, where they visit a dealership and identify a person – either a salesman or finance office employee – who seems to get things done. Criminals view this “go-to person” as one who will cut corners and not ask a lot of questions in their haste to make or facilitate a sale. That's a best-case scenario for a fraudster.

Some other red flags to watch include:

- The buyer cannot answer simple credit and background questions. If you ask someone where he lived a year ago and he cannot tell you, you've got a problem.
- The buyer isn't interested in negotiating.
- There's another person – a “runner” – waiting outside for the buyer.

- The buyer seems to be in a hurry.
- The buyer doesn't reside in the local community.
- The buyer produces a photocopy of a driver's license or other important documents.
- The driver's license number doesn't properly reflect the holder's date of birth (in states where driver's licenses contain that information).
- The driver's license is expired

## Identity fraud prevention tips

So what can you do to prevent identity fraud? First, use common sense and educate your staff on the basics of false IDs. All thieves need is a scanner, a printer, a laminator and software sold in retail stores, and they're well on their way to producing fake driver's licenses and checks. Some other identity fraud prevention tips include:

- Implement a monetary reward program so alert employees who successfully intercept fraud are recognized.
- Cultivate contacts with local, state and federal law enforcement agencies and use their free resources to help you detect fraud.
- Invite your local police department to train your Employees in ways to spot fake driver's licenses and other documents.
- Take pictures of the buyer along with the vehicle to put up on a bulletin board of buyers. If a buyer seems unusually wary of this, it may be a red flag.
- If not using a digital scanner, adjust the toner in your copier so that it makes better copies – law enforcement agencies often have only poor quality copies of driver's licenses to work from because dealers intent on saving money on toner have turned the settings down. Consider purchasing a digital scanner so that law enforcement does not have poor quality copies.

- When a buyer hands you a cashier's check, don't call the number on the check to determine whether the check is good – that's the cell phone number of the buyer's accomplice. Look up the bank's number in the phone book or search for the bank's information using an online search engine. If you have not heard of the bank, search in multiple places to confirm the information you have is real.
- Ask for at least two forms of ID and compare the information on all of them.
- Use "out of wallet" questions when any red flags are spotted. It may be prudent to extend use of these questions to verify all buyers.

Dealers will be the ones who take the loss when identity thieves strike, even when the dealer and the finance company are both fooled. (Check the representations and warranties in your dealer agreement if you don't believe us.) Awareness of the problem and a few small steps will go a long way toward keeping that vehicle out of the hands of the criminals.



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