



International Association
of Financial Crimes
Investigators



International Association
of Auto Theft
Investigators

Dealer Fraud Prevention and Awareness Worksheet

Due to the increase in fraudulent auto transactions, this Dealer Fraud Prevention and Awareness Best Practices Worksheet was created to be used as a tool for dealerships to lower their fraud risk. This is not an all-inclusive list of controls or best practices, however, if utilized, could help to reduce the likelihood of falling victim to fraud and reducing the fraud risk by identifying the Red Flags. **Clear Red Flags before delivering the vehicle.**

When conducting a deal, there are areas in which an individual could be providing inaccurate or fraudulent information. Points of note are:

Application:

- + Does the information on the application match the identification and the credit report?
 - o Is the address the current one listed or an older one?
 - o Does the employment match?
- + Does the email (if provided) make sense?
 - o The applicant is one name but the email is a totally different name?
- + Does the employment match the credit report?
- + Does the signature match the name (if legible)?

Online transactions:

- + Did anyone actually speak to the applicant?
- + How were the financial documents to be signed?
 - o If sent via overnight mail- request a signature
 - o Were the documents sent to a different address than on the application?
 - o Require the document to be delivered to the applicant and not left at the location.
- + Does the person resemble the identification provided?
 - o Require a "selfie" with the ID for proper identification purposes
 - o Review to insure the person matches the identification photo
- + Does the communication means match what was provided on the application?
 - o Same phone/email

Identification Documents

It is very important to review all the documents provided to you by the customer. They are betting on the fact that you only collect the documents required and by-pass the review process. Be vigilant when accepting digital copies of a drivers license, government issued ID card or Social Security Card. When obtaining employment payroll documents, do the numbers total up correctly? Does the company actually exist and at the location provided on the documents?

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Vehicle theft by fraud can happen in a variety of ways. Below are some examples of some of the different situations you might see and what you can look for.

ID Theft

- ✚ Online application
- ✚ Examine **ALL** documents including the drivers license or ID that is presented
- ✚ Look for cheat sheets that are used when completing the credit application
- ✚ Examine credit report for Hard inquiries from other dealerships that sell a different brand.
 - Does the application information match what is displayed in the credit report

Straw Buyer

- ✚ Online application
- ✚ Dealerships only interaction with the customer is the day of signing
- ✚ A 3rd party is with the customer who answers many of the questions
- ✚ Examine credit report for Hard inquiries from other dealerships that sell a different brand

Synthetic Identity

- ✚ Online application
- ✚ Examine **ALL** documents including the drivers license or ID that is presented
- ✚ Look for cheat sheets that are used when completing the credit application
- ✚ Examine credit report for Hard inquiries from other dealerships that sell a different brand
 - Examine the credit report for authorized user account(s), or
 - Only other accounts are newly opened
 - Is the “in file” date consistent with an applicant of that age?

Payoff Fraud

- ✚ Newly issued duplicate title
- ✚ Vehicle recently paid off or recently paid down

Credit Application Misrepresentation AKA Employment and Income Fraud

- ✚ Does the income fit the job title?
 - This is not easy to identify, but by using internet search tools, you can get a good idea
- ✚ Employment
 - Most bad actors use a LLC or transport company for their employment
 - Business doesn't have a website and can only be seen on Manta or CorpWiki
- ✚ Length of time at residence
 - Check to see if this is a physical address or maildrop (UPS Store)

Drivers License Verification

A drivers license is how you identify your customer. Familiarize yourself with your state's drivers license and if your dealership is close to another states border, try and familiarize yourself with that states license too. You can also utilize drivers license verification tools such as the ID Checking Guide or drivers license scanning technology. ID Checking Guide can be ordered at www.driverslicenseguide.com.

- ✚ Question out of state customers, especially if the vehicle they are purchasing is a common vehicle.
 - Does their address make sense?
 - Drivers license from one state but they documented an address in another state
- ✚ Try to validate a temporary drivers license by requesting a second form of identification
 - Proceed with caution if the customer can't provide a second form of identification
- ✚ Confirm the photo is the customer you are dealing with
- ✚ Ensure the signature on the drivers license is the same as the transaction documents
- ✚ Keep a CLEAR color copy of the drivers license in the dealer file
 - If you use drivers license scanning technology, keep a copy of the report in the file.

Social Security Card/Number Verification

- ✚ The Social Security Administration (SSA) makes routine changes to the SSN card format
 - Look for planchettes (small multi-colored dots randomly placed within paper)
 - Signature line is micro-printed "Social Security Administration"
 - Starting in April 2007, the card issued date is printed on the bottom right
 - Starting in October 2007, name appears on two lines
 - Newly issued card will have perforated edges, most commonly the left and top edges. If all sides are straight edge, be cautious and ask questions.
 - Starting in 2011, the SSA began randomly issuing Social Security Numbers.

Thumbprints

- ✚ Thumbprints are a great deterrent as the bad actor doesn't want to leave their true identity behind
- ✚ Use paper and a solid ink pad. **DON'T** use a sponge ink pad
- ✚ Review state law about collecting and storing thumbprints and biometrics

Bank Statements

- ✚ Ensure the account numbers are visible for verification purposes
- ✚ Obtain full bank statements from three consecutive months (distorted copies, picture, web statements, running accounts, and summary pages may be indicators of suspicious activity)
- ✚ Ensure the deposits and withdrawals balance correctly
- ✚ Bank information can be verified by calling the bank directly

Check and Credit Card payments

- ✚ Ensure the account numbers are legible whether a check or credit card
- ✚ Does the address and identifying information on the check match the application and/or identification provided by the buyer
- ✚ Does the last 4 of the credit card number processed match the last 4 on the front of the card.
- ✚ Do the names match on the checks or credit cards
- ✚ Confirm with the bank if the check or credit card payment is for a large amount

Offsite Transactions and Deliveries

To reduce the chances of fraud, utilizing this checklist for all offsite vehicle deliveries is recommended. The only exception would be for cash deals in which all of the funds have already been wire transferred into the dealership's account.

All remote deals should have approval from 2 Managers. The Sales Manager and the Finance Manager should sign off on deals before delivery. When the deal is completed, the General Manager should go through the deal to make sure every effort has been made to prevent fraud.

There are two options for a customer to sign documents remotely from the dealership:

- ✚ Maverick Notary Signing or another 3rd party notary service
 - The dealership should make the notary appointment
- ✚ A licensed sales representative from the dealership signs the documents with the customer
 - At no time should someone who is not a licensed dealer employee, Maverick notary or 3rd party notary sign documents with a customer.
 - Broker deals must have all stipulations collected and approved by the underwriter prior to vehicle delivery, including verification that the vehicle has been added to the insurance policy and the lender is listed as the lien holder/lessor.
 - Obtain a color copy of the customer's drivers license and current insurance card, that should be verified
 - A clear thumb print must be taken on all customers
 - If the deal does not have a lease return or is not a repeat customer, than take the following further steps:

Drivers License Verification (Pre-delivery)

- Signature on license should match signature(s) on documents
- Verify the license expiration date is correct for the state
- Compare the license fonts to your own license
 - If not familiar with that state, look in the ID Checking Guide or on the state's website
- Suggested: Scan the drivers license using Drivers License Verification Technology available in cell phone applications.

Insurance Verification (Pre-delivery)

- Obtain the insurance agent's phone number
- Use the Internet to locate the insurance carrier or agent's phone number to make sure it matches the number on the insurance card
- Call the agent or insurance carrier to verify the policy is active and the vehicle has been added

Thumbprint Verification (at delivery)

- Is the thumbprint clear?
- It is the salesperson's responsibility to have an ink pad. If thumbprint is not acceptable, the salesperson must go re-thumbprint the customer. If it is smudged, re-thumbprint.
- Due to biometric collection laws, please comply with recent state law- if any

In-Store Purchases

- All ID and Drivers licenses should be verified via drivers license verification technology
- Create and/or follow fraud best practices information provided
- Clear red flags
- Validate all customer information
- All deals must have insurance verified
- Do not accept scanned copies of drivers licenses, SSN cards or any other identifying information.

Delivery purchases

- Document all information related to the transport
 - Obtain a bill of lading
 - Where is the car going?
 - Transport company name, address, telephone and point of contact
 - If no bill of lading provided that displays the information
 - Driver information
 - Confirm identity of driver and obtain contact information
- Be cautious of deliveries not associated with the customer such as a store parking lot or last minute changes to the delivery address.

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