

# Preventing fraud at your dealership

Protect your business and stay safe

September 27<sup>th</sup>, 2022



Ontario's Vehicle Sales Regulator

# Overview

This presentation discusses best practices to protect your business against fraud.



# Agenda

- About OMVIC
- Fraud overview
- How to spot fake IDs
- Common targets
- Examples
- Best Practices
- Resources



# About OMVIC

- OMVIC is Ontario's vehicle sales regulator
- Register dealers and salespersons
- Assist with consumer complaints
- Inspect dealerships
- Investigate/prosecute industry misconduct and illegal sales
- Administer and enforce consumer protection legislation for the government (MVDA, CPA, SGA, POA)

# Mandate

As the regulator of motor vehicle sales in Ontario, OMVIC's mandate is to maintain a fair and informed marketplace by protecting the rights of consumers, enhancing industry professionalism and ensuring fair, honest and open competition for registered motor vehicle dealers.

## OMVIC Priorities

Consumer Protection  
Dealer Professionalism  
Customer Service



# OMVIC By the Numbers

**8,000+**

motor vehicle dealers

**30,000**

salespersons in Ontario



# Fraud Introduction

According to the Canadian Anti-Fraud Centre (CAFC), fraud reported losses in 2020 totaled \$164 million and was up to \$379 million in 2021.

Total 2022 losses are expected to exceed these number as the CAFC has recorded \$280 million in current 2022 fraud losses.

Law enforcement in Ontario and across Canada have received reports of auto financing frauds at dealerships throughout Ontario. You play an important role in fraud prevention efforts. Dealers are the first point of contact for clients and customers.

Use the tips and best practices in this presentation to help protect your business.

**The CAFC received over 30, 000 reports of identity fraud in in 2021.  
Ontario residences reported 8,372 reports of identity fraud in 2021.**

# Fraud overview

Most cyber-enabled frauds are conducted by fraudsters using fake identities, insurance cards and stolen credit cards. Fraudsters seek to purchase high-end vehicles to sell at auctions or send to various locations throughout the world.

In most cases, "straw" buyers are recruited on social media platforms and through the Internet. They are given counterfeit identifications and scripts to purchase vehicles at dealerships. You may only see the purchaser at delivery. They're trying to hide their real identity.

Fraudsters create fraudulent government identification using stolen IDs from victims of data breaches (most common include, Ontario / Quebec driver licence, passports and permanent residence cards).

Fraudulently obtained credit cards are used to put down a deposit.



# How to spot fake IDs

# First line of defense to prevent fraud

Your first line of defense is verifying customer identities:

Dealerships can check [Driver's Licence Check \(gov.on.ca\)](https://www.gov.on.ca) (first step).

Searches online and on social media are helpful.

The most common forms of identification you will receive are an Ontario drivers license, Quebec drivers license, Permanent Resident card or passport.

The next slides dive into Ontario license details so you can spot fakes.

# What should I know about an Ontario drivers license?



## Photo

The ID collected should have a clear photo of the individual. Colour photocopy the ID at the dealership or have the customer send a clear image/scan and add it to the deal file.

## Individual's name

Ensure the purchaser's name on the contract exactly matches their photo ID. When licensing a vehicle, only register it to the ID-verified purchaser(s) on the contract.

## Identifying Number

The ID should include a unique identifying number. In most cases, the customer will provide their driver's licence with its 15-digit number.

## Decoding licence numbers

Ontario driver's licence numbers begin with the first letter of the individual's surname (e.g. John Doe's will start with "D") and the last 6 digits are the individual's birthday (YY/MM/DD). For female licence holders, the months run from numbers 51-62 (e.g. January would be 51, March would be 53).

# How can I verify a customer's identification?



Ensure the ID provided is government-issued, current, valid and authentic.

## The ID should:

- Indicate the individual's name
- Include a photo of the individual
- Include a unique identifying number
- Match the name and appearance of the individual being identified.

# Ensure the ID is current, valid & authentic

## Current

A current ID means it is not expired. Carefully read the expiration date on the individual's photo ID to ensure it is still current.

## Valid

A valid ID must not be altered or counterfeit. Each valid ID has a unique identifying number with built-in security measures.

## Authentic

An authentic ID is one issued by an organization with the legal power to do so - or a competent authority - like a provincial government. The Government of Ontario's Driver's Licence Check Tool will provide the latest status information of an individual's Ontario licence.

# This ID is current, valid & authentic



Authentic – issued by Ontario

Valid – unique ID number

Current – expiration date

# Common Targets

# Common Targets

## High End Vehicles

High end vehicles are commonly smuggled into the US using drivers (pre-covid) or exported overseas using car carriers or sea containers.





# Examples

# Examples:

August 10, 2022



### Dealerships Falling Victim to Fraud

The [Ontario Provincial Police](#) (OPP) are seeing a trend in auto financing and dealer-to-dealer trade frauds targeting dealerships across Ontario and Quebec.

#### What is auto financing fraud?

Fraudsters obtain financing (typically for high-end motor vehicles) utilizing stolen credit cards, fake identifications (driver's license), and altered insurance cards.

#### What is dealer-to-dealer trade fraud, and how are dealerships affected?

Fraudsters impersonate a dealer to initiate a trade with another dealer. The fraudster will arrange for a specific vehicle to be purchased and delivered at an agreed-upon location. The fraudsters will provide the representative of the victim dealership with a fraudulent bank draft and arrange for a courier and/or a car carrier to pick up the vehicle.

#### Auto Financing Fraud – Signs to look out for:

- Look for discrepancies provided by the customer. For example, income doesn't match employment
- Does the telephone number match the location where the customer resides?
- Were multiple attempts required to process payment (credit or debit cards)?
- Unusual behaviour (dropped off at the dealership and avoids CCTV cameras)
- Purchasing high-end model vehicles without negotiation

#### Dealer to Dealer Trade Fraud – Signs to look out for:

- Contact the dealership to confirm the transaction
- Ensure salesperson and dealership are registered by visiting [www.omvic.on.ca](http://www.omvic.on.ca)
- Verify insurance information with the insurance company

**Please note: OMVIC will be hosting a fraud prevention webinar in late September. We encourage dealers to look out for an email with details in the coming weeks.**

Victims of fraud or attempted fraud are encouraged to report to the police of jurisdiction and to the Canadian Anti-Fraud Centre at 1-888-495-8501 or online at [www.antifraudcentre.ca](http://www.antifraudcentre.ca).

*Note: This information was created to assist dealers/salespeople and is not a legal document. Registrants are encouraged to obtain independent legal advice.*

Questions? The dealer support team is available to assist dealers in achieving and maintaining compliance with the MVDA. Please contact the Dealer Support team at [dealers@omvic.on.ca](mailto:dealers@omvic.on.ca) or by calling 1-800-943-6002 if you have any questions or concerns.

#### Ontario Motor Vehicle Industry Council

65 Overlea Blvd., Suite 300, Toronto ON M4H 1P1  
Tel: 416-226-4500 Fax: 416-226-3208  
Toll Free: 1-800-943-6002 [omvic.on.ca](http://omvic.on.ca)



Ontario Motor Vehicle Industry Council  
Conseil ontarien du commerce des véhicules automobiles

October 7, 2016

### Dealers Alerted to Beware of Scam Artists

OMVIC is alerting dealers and salespeople to recent media [coverage](#) highlighting a Toronto man accused of scamming a number of businesses, including a new car dealership.

Described by the media as a well-dressed "professional tenant", James Regan, 62, allegedly hasn't paid rent at three high-end apartments since 2014; he's also accused of not returning a vehicle to a Toronto dealership when his financing wasn't approved.



Photo courtesy of CBC

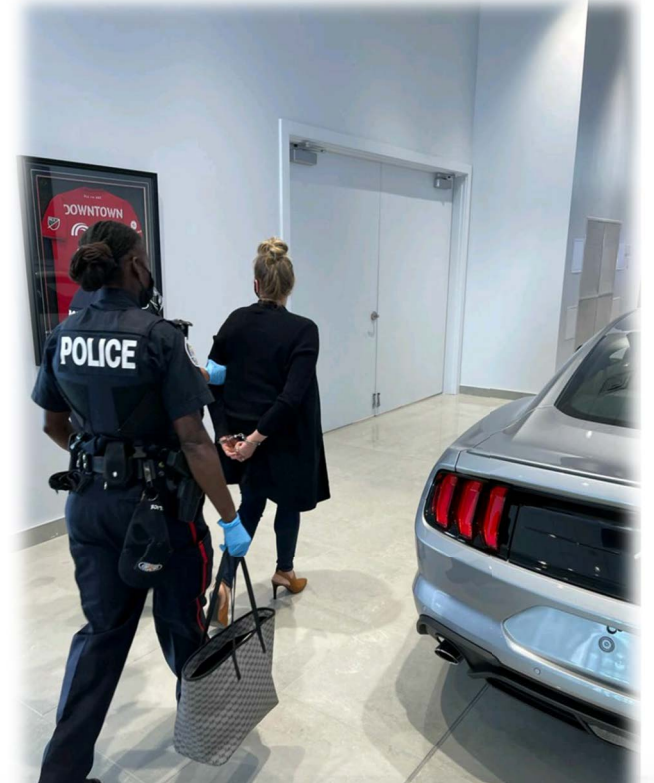
Jim Hamilton of Yorkdale Ford Lincoln explained to OMVIC via email that Regan came into the dealership late one evening looking to purchase a Ford Escape on 100 percent financing. After completing the application and providing his personal information Regan convinced the dealer to allow him to take the vehicle home for the evening; when the loan wasn't approved the dealer couldn't get Regan to return the vehicle.

The dealership ultimately recovered the vehicle by convincing Regan that his financing had been approved and he needed to return to the dealership to have a safety recall conducted.

#### A Different Scam

OMVIC has also received information from a Hamilton dealership about a female customer who visited a number of area dealers claiming she was coming into a large sum of money from a legal settlement, ordered a new vehicle (which she wanted registered in a family member's name) and convinced the dealers to provide a loaner until the ordered vehicle

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**UCDA** Used Car Dealers Association Of Ontario  
416-231-2600 or 1-800-268-2598 [www.ucda.org](http://www.ucda.org)

September 18, 2015

## DEALER ALERT

**BE ON THE LOOKOUT FOR A 2015 JEEP WRANGLER UNLIMITED 70TH ANNIVERSARY 4X4**

Please be on alert for a man of Asian appearance, about 5'11", thin, 180 lbs wearing a hat and offering a near-to-new 2015 Jeep Wrangler with about 600 kms on it.

He is trying to get some quick cash by offering it for sale.

He is using a name obtained from a victim of identity theft, with fake ID made to match. The surname used was "Wilson" but this could easily be changed.

A man in a dark suit, white shirt, and dark tie is wearing a white face mask. He is looking towards the right of the frame. The background is a meeting room with a whiteboard and a window. The entire image has a dark blue overlay.

# Best practices and tips to prevent fraud

# Best practices

The best way to match appearances on IDs to an individual is in person.

With more remote sales, dealers may ask the customer to video chat to ensure the ID a buyer provided matches their appearance.

When verifying a customer's ID, you may record the:

- Individual's name
- Date on which the identity was verified
- Type of ID
- Unique identifying number (e.g. driver's licence number)
- Jurisdiction (e.g. provincial driver's licence)
- Expiry date of the document
- The individual's insurance information.

# Best practices

## Obtain more than one piece of identification

Obtain two additional IDs like a credit card or passport. Ensure they accurately match the government-issued ID's name, address and other descriptors.

## Watch out for numbered companies

If an unfamiliar numbered company is buying a car with a bank draft, identify it as a possible red flag. You may consider asking for copies of original articles of incorporation to verify the company's validity. Sometimes individuals forge corporate documents and use bank drafts to hide their identity and money sources. Conduct open-source searches on the corporation and corporate documents. Verify employment letters.

## Verify Insurance

Verify if the insurance information with the insurance company

# Best practices

Red flags may include:

- Information discrepancies
- Behaviour seems unusual
- Purchases top-of-the-range high-end models with no negotiations
- Consistently avoids in-person interactions
- Income does not match employment (consider contacting employer or conduct open searches)
- Dropped off at the dealership, outside security camera view
- Phone number does not match the location where they live
- Multiple attempts at payment with credit or debit cards.
- Great distance between address and dealership.

# Best practices

- Reach out to OMVIC Dealer Support
- Provide fraud prevention / awareness training to Employees
- CPTED – Crime Prevention through Environmental Design
- Ensure all security cameras are working (beware of blind spots) and capture customers entering and exiting the buildings
- Not everyone is trained to identify fraud, go with your gut – flag things that don't seem right



# Tips

You can do more than review identities to prevent fraud:

- Ask your customer for original, physical documents – it's easy to develop and forge documents with editing software
- Obtain proof of your customer's income by obtaining pay stubs or contacting their employer
- Deliver vehicles to your customers' ID-verified addresses instead of communal places like parking lots
- Ask questions. Genuine buyers will not be offended by further investigation
- Cross reference customers' work locations, addresses and phone numbers by looking them up online or calling the organizations
- Before completing a transaction, do a complete review of all information with the customer.
- Have a system in place in which two people review all documents and logistics of the purchase



# Report any suspicious activity

If your dealership or customer has been a victim of fraud, contact your police of jurisdiction and visit [www.antifraudcentre.ca](http://www.antifraudcentre.ca) to report or

The Canadian Anti-Fraud Centre:

1-888-495-8501

The Ontario Motor Vehicle Industry Council (OMVIC):

1-800-943-6002

If you identify red flags or are suspicious of fraudulent activity, please contact your police of jurisdiction.

# Get in touch!

We are here to help you combat fraud in your community.

Contact OMVIC's dealer support team:  
[dealers@omvic.on.ca](mailto:dealers@omvic.on.ca)

Schedule a FREE educational webinar with OMVIC's education team:  
[education@omvic.on.ca](mailto:education@omvic.on.ca)

Contact your local police of jurisdiction non-emergency line:  
[1-888-310-1122 \(OPP non-emergency\)](tel:1-888-310-1122)



[Get included on the Anti Fraud Centre's Distribution List](#)

A distribution list, which transmits current information on fraud trends, bulletins and media releases. Simply send a message to the address below to request to be included onto the distribution list.

[partners@antifraudcentre.ca](mailto:partners@antifraudcentre.ca)

Canadian Anti-Fraud Centre  
[1-888-495-8501](tel:1-888-495-8501)  
[antifraudcentre-centreantifraude.ca](http://antifraudcentre-centreantifraude.ca)