



# Anti-Fraud Committee

Chair: Gary Wano

G.W. and Son Auto Body

Vice Chair: Ron Guilliams

FIX Autobody



# Anti-Fraud Committee

- ◆ Presentation by the  
Anti-Fraud Committee
- ◆ 04/06/2006



# Committee Members

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# Mission Statement

The mission of the anti-fraud committee is to bring about an industry wide awareness of fraud and fraudulent behavior by any industry contingent that may occur in the course of conducting business. The committee may also look into the causes and effects of fraudulent behavior thereby allowing all entities to form prudent and reasonable opinions as to how fraudulent activity affects the industry and ultimately the consumer.



# Definition of FRAUD

An intentional misrepresentation of a past or present fact made to cause someone to rely on it to give up some legal right or thing of value. The misrepresentation of a fact can be made by words, including innuendo, like conduct or by concealing a fact that the person has a duty to disclose. The conduct can occur through looks or gestures. It can occur as a single act or statement or as a combination of circumstances. It includes surprise, trickery, cunning, design, deception, or any unfair way by which another is cheated.





# Committee Issues

- 9 issues, based on January's planning session
- Getting paid to do the job right
- Database manipulation (5 issues under this topic)
  - ◆ 1) The one who spends the most makes the rules
  - ◆ 2) Not Included Operations
  - ◆ 3) Blend within panel



# Committee Issues

- 9 issues based on January's planning session
  - ◆ 4) Feather Prime and Block not recognized
  - ◆ 5) “You are the only one that has an objection”
- Misleading or improper line items on estimates

And last, but not least...

Price restrictions and poor quality...how the two go hand in hand



# Committee Presentation

Database Manipulation

and its impact...

Does it lead to

**COST SHIFTING?**



# Questions for the industry

- 1. Is database manipulation happening in your market place today? (database manipulation is defined as arbitrarily changing published labor operation times or p-page logic). If so, give two examples.
- 2. If the answer to question one is yes, how does a repairer make up for the loss of compensation?



# Questions for the industry

- 3. How is the consumer affected by a) database manipulation and b) making up or not making up the shortfall?
- 4. Have you ever seen an estimate that excluded operations or parts needed to restore the vehicle to pre-loss condition that were visible at the time the original estimate was written? If so, give an example.



## And the Survey says.....

- 1. Is database manipulation happening in your market place today? (database manipulation is defined as arbitrarily changing published labor operation times or p-page logic). If so, give two examples.



## Among the responses...

- Arbitrary paint time changes
- Ignoring p-page logic
- Overriding database labor times
- Blending within repaired panels
- Changing structural & mechanical to body labor
- Arbitrary capping of materials or operations



## Among the responses...

- Using market averages instead of book times for alignments, glass and A/C service
- Saying operations are included, when in fact, they may not be
- Third party “administrators” making changes without inspection of the vehicle
- Not adding for items that are listed in the database
- Manipulation of the user defined profile





And the Survey says.....

- 2. If the answer to question one is yes, how does a repairer make up for the loss of compensation?



## Among the answers

- “Adjuster takes care of me somewhere else”
- Lower quality repair
- Cost shifting
- You can’t...
- Fight it, educate the customer and supplement
- Take it in the shorts and move on...
- Manipulate vendor invoices



And the Survey says.....

- 3. How is the consumer affected by a) database manipulation and b) making up or not making up the shortfall?



## Among the answers...

- Repairs not properly documented
- Longer repair delays
- Customer charged the difference
- Customer put in the middle of the discussion
- Poorer quality repairs
- Fix the car right even if you don't get paid
- Detectable blend marks on spot repairs
- Customer doesn't know the difference



And the Survey says.....

4. Have you ever seen an estimate that excluded operations or parts needed to restore the vehicle to pre-loss condition that were visible at the time the original estimate was written? If so, give an example.

Every answer given said emphatically  
**YES!**



## Among the answers...

- Won't replace until you pull it
- No blends figured until the vehicle is in paint
- Service parts stipulated even if they are knowingly of poor quality
- R&I's left off the sheet
- "That's the way our DRP's want us to write them"
- Leaving visible damage off of the sheet
- "If they don't fix it, we don't owe for it"



# Conclusions

- Though answers came from different parts of the country they were all pretty much the same
- People in the collision repair industry want to repair vehicles properly and honestly
- It's getting harder to do so
- Many respondents were afraid of repercussions. All wish to remain anonymous