

Videotaping F&I Activities – A Good Idea Or Not?

By Thomas B. Hudson

Don't ever accuse me of being consistent. I've had so many positions on the question of whether it's a good idea to videotape F&I sessions that you'd need a GPS device to keep track of me.

Ten years ago or so, when I learned that some dealers in Alabama were beginning to audiotape, and then videotape, their F&I sessions with customers, I was intrigued. I knew why the Alabama dealers were trying to create records of their dealings with customers. Alabama had become a hotbed of litigation against dealers, and the dealers were looking for defensive measures to slow down the plaintiffs' lawyers.

Not a bad idea, I thought.

Then I thought some more. And as I did, several concerns came to mind. First, if the F&I process wasn't perfect, the videotape would record the imperfections, and the tape would become Plaintiff's Exhibit 1.

Second, the practices of some dealers as reflected by the court opinions we see each month are not the sort you'd want to have on tape. Dealers would have to jettison things like payment packing and phony menu selling before videotaping began. That's not a bad thing, but at some dealerships, it would mean a sea change in how business is done, a transformation that some dealerships would not want to make.

Third, even an ethical and honest dealership makes mistakes, and some F&I sessions will not be perfect. In order to avoid those imperfect sessions, dealers would have to train their personnel, and train them well, on the intricacies of the laws governing car sales and finance. Given the general level of knowledge about these topics in many dealerships, and given the typically high turnover at most dealerships, I thought that was a pretty tall order.

Fourth, what if the dealership did not tape all F&I sessions? Judges and juries don't like inconsistent procedures – they immediately think, "Why didn't the dealer tape these sessions?"

Finally, the tapes would become subject to federal and state recordkeeping requirements. The burden of keeping several years' tapes appeared significant.

So, given all of these negatives, and seeing few positives, I staked out a position against videotaping. That's where my head was on this topic last fall when I was scheduled to talk on the topic at a seminar in Denver.

A week or two before the seminar, though, I got a call from a lawyer friend who works with a large dealership. He asked if my view of videotaping was negative, and I told him it was. He responded by making a pretty persuasive case for videotaping, and, because he was coming to the seminar, I invited him to join me in leading a discussion on the topic.

At the seminar, this lawyer recounted the experience that his dealership had to date with videotaping. He pointed out the value of videotaping in training employees – it drove away employees prone to do bad stuff. He noted that it also drove off customers engaged in identity theft or fraud in an effort to gain financing for their vehicles (that really caught my attention). He also recounted that it warded off threatened litigation.

I'm not the sharpest tool in the shed, but I always pay attention when people start talking real life experiences instead of gut feelings and theory. After listening to this lawyer recount his dealership's real-world videotaping history, I found myself dragged back over the "neutral" line and into "pro-videotaping" territory.

I still had concerns – dealerships need to do the videotaping right. They should videotape all sessions (except where they document a customer refusal and have a process for monitoring which employee's customers are refusing), train and re-train everyone in how to do it, and have the dealer's lawyer script the sessions and review samples of the tapes. Finally, dealerships must comply with the recordkeeping requirements applicable to the tapes.

That was where I was before the NADA Conference in Orlando last month. In the NADA Exhibit Hall, though, I saw some impressive videotaping technology that further confirmed my position in the pro-videotaping camp. The software was so far removed from "the videocamera hanging on the wall and we'll turn it on whenever we remember to" that you wouldn't recognize it as the same concept. I won't recount the technology's many features – suffice it to say the stuff was pretty powerful, offering management the ability to measure F&I activities in ways I had not seen before.

Several companies offer such technology, but I try not to make product or company recommendations in columns I write, so I will simply say that if this topic interests you, you should look at the offerings of the various vendors, and evaluate what's out there. Shop smart.

So here I am parked pretty firmly in the videotaping camp again. I still think that the warnings above are good ones, but I now think that videotaping, when done right, makes a lot of sense.

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