

**Statement of Duane Overholt**  
**Former Auto Sales Manager, Whistleblower**  
**December 8, 2003**

Good morning. My name is Duane Overholt, and I worked in the auto sales industry for 20 years, until 1999.

The scams that Joan Claybrook just described to you, in which consumers are defrauded of hundreds or thousands of dollars virtually every time they purchase a vehicle, is what I did day in and day out. I was not a nice guy. Back-of-the-envelope calculations show that I ripped off consumers for about \$33 million over my career — and that's a conservative estimate.

These practices occur daily at auto dealerships throughout the country and cost consumers billions of dollars annually. I'm here today to warn you about such activities, and to give you a better understanding of how rotten this industry is.

While you're working in the auto sales business, you get the feeling that you are invincible. You think you can do anything and get away with it. And you often do. It's the knowledge that you can get away with something that keeps you going.

The auto sales industry fosters and encourages a cutthroat, competitive mentality. In one dealership where I worked, sales staff were grouped into two teams and pitted against one another. At the end of the month, the team that sold the most vehicles received a steak dinner with champagne; the other team literally got beans.

Auto sales managers who excel at cooking the books get lavished with gifts and bonuses. They get new cars every few months. They are taken out onto party boats and rewarded with drinks and party favors. I want to make it clear that while I didn't take many of the favors, I knew about them and never objected. I was in top management, and I could have — and should have — attempted to stop what was going on.

However, in the auto sales industry, the money is easy and flows quickly. I once went to the Cayman Islands for one day, spent \$10,000, and then returned and made \$4,000 back the next day. Bonuses included Rolex watches and wads of cash.

When you start as a sales rep, you don't usually know what is going on. You suspect and gradually catch on, but you don't say anything out of fear of losing your job. As you move up into management, though, you learn about the scams. If you don't rip off customers, you'll lose your job. So you participate.

When you start cheating customers, you don't say anything, because not only would you be fired, but you're afraid you could be arrested too. The management would think nothing of making you the scapegoat and saying, "Hey, we didn't know he was doing that."

When I spoke out, I was fired and ostracized. I was also beaten up, shot at and threatened repeatedly. Many auto sales managers have families, and they can't afford to lose their jobs or jeopardize the safety of their wives and children. So you stay and keep deceiving customers.

In the late 1990s, some events occurred in my personal life that made me begin to question my lifestyle. I started to realize that I couldn't live with the deceit much longer. After a couple of years of being on the fence, I decided to change. I gathered documents and went to the authorities. They wired me and I spent the next year gathering evidence at my dealership.

My supervisors began to suspect something was up. One day, they intercepted a package of documents I sent to the feds, and soon after I was fired.

I won't go into the details of my legal battles, but I'll tell you that I sued my former dealership, Sonic, for wrongful termination. I have been spending the settlement money to continue to root out this corruption throughout the country. I now interview auto sales employees who are trying to go straight, gather documents and try to help consumers who have been victimized by the deceptive auto dealership practices.

I'm not proud of what I did, but I'm not the same person I was five years ago. I hope that telling this story and bringing the information about this massive fraudulent enterprise to light will help stop the scams.

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