THE SLIP SHEET SCAM

This is a story about an old-school fraudster who perpetrated his scheme against some busy dentists.

In short, he was a very shady equipment leasing representative whom I met in the late 1980s.

I fear his tactics may have resurfaced with others who have learned the swindle.

NOTE: Not all equipment leasing companies are regulated by the Bank Act. They are effectively private lenders. They are typically financed by non-bank institutions, which means they can escape much of the governmental oversight and regulation that applies to traditional institutions.

What is Slip Sheeting?

The equipment leasing grifter would prepare a detailed quotation for the dentist to lease-finance equipment. The quote included the number of payments – typically 60 – the dollar amount of each payment, and what would happen at the end of the lease with respect to the residual or buyout.

It was a standard equipment leasing document format that appeared to reveal a low interest rate compared with other lending options, and most doctors were happy with it.

Then, the equipment leasing representative would collaborate with the equipment dealer to conspire to artificially inflate the value of the equipment and increase the interest rate.

So how did they go about doing this?

Back in the day, everything was signed using traditional hard copy paperwork. Slip sheeting was when you were presented with a stack of documents to sign, but buried inside that stack were the actual documents that would be filed with the finance company, and not necessarily the ones you thought you were signing for the much lower payment.

The sit-down meeting was typically arranged at your office during a busy time. The jostler would simply flip up the corners of the pages so you could sign at the bottom right-hand corner.

You did not ask to see the full sheet of paper, nor did you have time to read it.

You just got slip-sheeted.

They would move through the documents so quickly that you didn't realize you were signing two versions of the most important document of all, the actual payment structure plan.

That's the document that contains the number of payments and the amount of each payment.

In one instance, the doctor showed me the original quotation, which showed a monthly payment of about $3,200 over five years. At the time, that represented a very sensible interest rate of about 7%.

About a year after signing all these documents, the doctor realized that the number of monthly payments was higher. There were 84 payments, not 60.

He had been told it was a five-year payment term, not seven years.

He did not recall signing the second agreement because everything happened so quickly on a busy day and in between patients.

The leasing dude had slipped in a second, almost identical term sheet, making the effective interest rate on the contract 18%. This increased the commission paid to the equipment leasing broker.

The extra two years of payments totaled about $80,000 in bogus payments.

And this was a long time ago, folks, so in today's dollars, that is about $300,000 worth of fraud.

In modern times, slip sheeting can be done through track changes and the ~~redlining~~ of documents.

The present-day scheme subjects you to a slow and painful grind of making numerous changes to a document on a continual basis. The coloured ~~strikeouts~~ and revisions start to layer up as more people work on the document.

Process fatigue starts to set in.

The document goes back and forth so many times that even the most skilled can drop the ball.

You want your equipment installed, so you become frustrated. Then, when the grifter hears those words, "Let's just get this over with," they swoop in.

That's when the "clean copy" of the document appears in your inbox – eagerly awaiting your digital signature.

We get frustrated and fatigued by bureaucracy. Our impatience is a gift to the grifter.

Are you reading those final documents to be certain that all the revisions or deletions are actually there – or not?

Probably not, is my guess.

Because you are busy, and you want your new toys installed.

The Real Estate Grifter

This modern slip-sheet tactic recently happened with a space-leasing advisor who sent a landlord a clean copy of a document to sign. It contained many clauses that had not been approved by the landlord and were beneficial to the tenant.

The landlord was busy and fatigued and signed it.

It was a form of real estate fraud.

The space leasing hustler charged the dentist a handsome fee for this fraudulently acquired lease.

The landlord had to blacklist the space-leasing company that had provided the service.

Hundreds of dentists were then impacted.

The landlord put a red flag on all their premise leases if they had used this grifter.

Equipment leasing and vacant-space leasing are two industries where you have the potential to become a victim.

Please know that some of the space leasing advocates are duly licensed, regulated, insured, and bonded.

Others are not. Do your research please and ask to see their license.

If you are ever signing documents in traditional hard copy, ask for 24 hours before signing them, and please review them carefully, or pay a professional to do it for you.

If you are receiving documents via electronic signature, which is now the norm thanks to the pandemic, please go slowly. Have the final documents carefully compared with any previous versions that were discussed, manipulated, or altered by anyone on either side of the transaction.

The grifters are out for your money, and there are many ways they can obtain it.

These two examples reveal that fraudsters wear many cloaks.

Some of which I am yet to see on the fashion show runway!

And if anyone ever says they will lease you some equipment and use your office as a dental showroom, **walk away quickly and sign nothing**.

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