
Tools to Use If You Face Ethical Challenges in the Shark Tank

A commercial printer ("Charles") called for help. Charles told me about a digital press deal that was too good to refuse. The dealer told him that no one in all of the United States had a deal with pricing this low on such high quality commercial digital copier equipment.

In addition, the regional sales vice president told Charles that due to the nature of this phenomenal offer, he was prohibited from sharing the specifics of the pricing with any of his competitors. He could only discuss the details with his business advisor.

LESSON ONE

When a deal sounds too good, it's seldom that good. Trust your gut. There's a catch.

LESSON TWO

The excitement of new equipment is tantalizing. The bait that lures owners is the "Year-End Special Pricing." Every year these "never-to-been seen again deals" float in. When the sales representative tells you this pricing will never again be offered, Slow Down! There usually is another reason for dealers to offer another discount at the end of the next quarter.

LESSON THREE

This time there was a new twist. Charles called to tell me about a \$30,000 refund check the dealer promised to send within two months after a 60-month digital press lease commenced. The refund would be sent to Charles as long as he financed the equipment for five years at the original list price. Never agree to finance more than the selling price for equipment and do not mislead the finance company about the actual selling price of equipment.

LESSON FOUR

No questions asked. If money is going to be sent to you for no reason at all, look out. There would be another \$7,000 check sent for no specific reason that I could ascertain.

LESSON FIVE

The sales hook was that Charles could take advantage of the maximum US Government's tax deduction savings program called Section 179. This deduction was available in 2013 and was not available in 2014.

The IRS website's primary criteria for the 2013 tax deduction were:

- The asset must be new machinery or equipment.

- Equipment is for business use.
- Acquisition is through a purchase.
- The total new equipment acquired by a company for the 2013 Section 179 deduction was not to exceed \$500,000.

The lease was structured to be for the equipment list price, not the discounted selling price. The discount was approximately \$50,000. When an equipment sales representative is providing tax counsel and advice, get your accountant or tax attorney involved before making any decisions.

The dealer touted these sales benefits:

1. Bigger write-off qualifying for a larger IRS Section 179 tax benefit.
2. Extra money to put back into the company bank account (\$30,000 refund).
3. A little bonus help to make those larger monthly lease payments based upon the manufacturer's higher list price (\$7,000 check).

LESSON SIX

Always ask for an official written explanation and legal documents to explain a deal that seems "too good to be true," especially when there is the possibility that you are asked to misrepresent financial information to a finance company or the IRS. When Charles asked for the documentation to support the special promotional offer, the dealer rescinded the "special program."

I am neither a tax attorney nor an accountant. I do not give tax or legal advice. It is clear that this deal was not the right thing to do. Fortunately, Charles has a moral compass pointed due north. He decided to do the right thing for his conscience and his company.

He acquired the equipment using regular pricing and the negotiated sales price on a good lease with a bank finance company. He sleeps well every night knowing he made the right ethical choice. What would you do?

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Mary A. Redmond, The FearLess Negotiator, works with business professionals who want to become stronger negotiators. After attending one of her workshops or coaching sessions, clients feel more confident in stressful business situation whether they need to close bigger and more complex sales, secure the perfect new job, ask for that well-deserved raise or improve communication with their colleagues, bosses or families.