

Former Reagor-Dykes CFO sentenced to 7 years in prison

Fifteen other employees were also sentenced.

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Former Reagor-Dykes Auto Group CFO Shane Smith was sentenced to seven years in prison Thursday, after pleading guilty for his role in a \$50 million wire fraud conspiracy.

Smith was one of 16 employees from the Lubbock, Texas-based group to plead guilty to defrauding Ford Motor Credit. Smith was the last employee besides former CEO Bart Reagor to be sentenced, a Department of Justice [press release](#) said.

Of the 16 sentences, Smith's was the longest.

"We are proud of the work we've done to hold this defendant — and more than a dozen of his coworkers — accountable for their egregious behavior," Chad Meacham, U.S. attorney for the Northern District of Texas, said in a press release.

Smith faced up to 20 years in prison, but U.S. District Judge Matthew Kacsmark instead gave him 84 months and demanded he pay \$59 million in restitution. Throughout the trial, Kacsmark was provided with 18 character statements from friends and family of Smith, testifying to his goodwill, [local media reported](#).

The Reagor-Dykes scandal emerged in July 2018, [after an audit of the group found discrepancies](#) in what was owed to Ford Credit. Ford Credit sued the company. In August that year, Reagor-Dykes filed for bankruptcy.

[Charges were soon brought against the employees](#) for floorplan fraud and wire fraud.

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Smith specifically was called out for kiting checks, which involved artificially inflating account balances through cross-depositing checks between multiple accounts.

He also instructed accountants to take part in "dummy flooring," in which the group looked for loans to repurchase cars for resale but used the money to cover other expenses, the press release said.

"Whatever it takes, we need to floor anything and everything we can even think of to cover payoffs each day," Smith wrote in an email.

Smith testified in Reagor's trial, saying that Reagor and his partner, Rick Dykes, drew \$25 million out of the business for personal use.

[Reagor's sentencing has been put off until March 10.](#) Smith will begin serving his time in prison March 28.

Neither the federal prosecutor nor Smith's lawyer could be reached for comment.