

## INTERNET TASK FORCE FORMED

The internet is a rapidly evolving means by which business and commerce is being conducted. In particular, the automobile sales industry is one that has been targeted by enterprising investors eager to "sell" motor vehicles over the internet. In addition, licensed dealers throughout the United States and beyond have entered into the arena of internet car sales.

There is a wide range of methods being developed to use the internet as a means to sell automobiles. They range from simple advertising to completing a "deal" electronically with the vehicle being delivered to the consumer who never sets foot in a dealership. The scenarios involve licensed dealers, virtual dealers, third parties and manufacturers. The well of ideas and scenarios appears to be endless at this time.

Motor vehicle dealer regulators in all of the states are wrestling with how the internet fits their laws and regulations. Some states have or are in the process of adopting specific internet sales regulations. In response to this trend, Motor Vehicle Dealer Board Chairman Holcomb announced the formation of a task force to study and make recommendations concerning the sale of motor vehicles over the internet.

Karen Radley, Board member and President of Karen Radley Acura, Volkswagen, Saturn, Chevrolet, Geo and Subaru will chair the Task Force. Other Board members named to the Task Force include Tom Barton, Clyde King, Margo Clarke, Mike Martin, Steve Farmer and Bruce Farrell. In addition, the Task Force includes members from both franchise and independent dealers who are not on the Board; representatives from the dealer associations; a manufacturer representative; a representative from an internet company, the Virginia Division of Consumer Services, the Office of the Attorney General, the Department of Motor Vehicles, the Virginia Information Providers Network and the Virginia Council on Information Management.

The progress of the Task Force will be published in future articles of Dealer Talk. In the meantime, your comments on this subject are welcomed. Also – please see the "Useful Tips and Reminders" column on page 3 for more information concerning internet sales.

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**State Holiday for the Month of May**  
**Our office will be closed on:**  
**May 29, 2000, in observance of:**



**MEMORIAL DAY**

**State Holiday for the Month of July**  
**Our office will be closed on:**  
**July 4, 2000, in observance of:**



**4<sup>TH</sup> OF JULY**

# ACTIONS FROM THE MARCH BOARD MEETING

- **Motor Vehicle Transaction Recovery Fund:** At the March Board meeting, the Transaction Recovery Fund Committee and the Board considered three new claims filed against Virginia dealers. After reviewing the three cases, the Board voted to approve payment from the fund for all three claims totaling \$30,593. The Dealers will have 30 days to repay the Fund. Failure to repay the Fund will result in license revocation.
- A Chesapeake dealer was the subject of a Board investigation for alleged misuse of Dealer Tags. It was alleged that the dealer was "renting" tags to an individual who was not authorized to use these tags. An informal fact finding conference was conducted by a hearing officer. After reviewing the facts and recommendations of the hearing officer, the Board levied a \$750 civil penalty on the dealer. The dealer has the right to appeal this decision to the appropriate circuit court.
- An informal fact finding conference was held for a Virginia Beach area dealer who was the subject of a number of consumer complaints to the Board related to misuse of temporary tags and failure to deliver a title within 30 days. The dealer had received a number of written warnings from the Board. Based on the hearing officer's recommendation and a review of the facts, the Board imposed a \$3,000 civil penalty on the dealer and has requested that DMV conduct a hearing to determine if the dealer's privilege to issue temporary tags should be suspended or revoked.
- In July of 1998, the Board voted, after hearing evidence and considering the recommendations of a hearing officer, to assess a \$1,000 civil penalty and revoke all licenses issued to a dealer for renting dealer tags and selling temporary tags. The dealer appealed the decision and a formal hearing was held. At the March Board meeting, the Board revoked the dealer's license for violations related to the misuse of plates, having used deceptive acts and practices and having been convicted of a criminal act related to the business of selling automobiles. (Illegal use of transport tags and possessing "open titles".)

**Editors Note:** Dealers have the option of "appealing" any of the above Dealer Board decisions by requesting a formal hearing in front of a hearing officer or to circuit court.



A Bi-monthly newsletter of The Virginia Motor Vehicle Dealer Board

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**NOTE:** We make every effort to ensure information in *Dealer Talk* is accurate, but it is not a substitute for legal advice.

## Calendar of Events

**All Meetings held at DMV Headquarters  
2300 W. Broad Street, Room 702, Richmond, VA**

Monday, May 15, 2000:  
Time: 9:00 a.m.  
Dealer Practices Committee Meeting

Monday, May 15, 2000:  
Time: 10:00 a.m.  
Franchise Law Committee Meeting

Monday, May 15, 2000:  
Time: 10:45 a.m.  
Licensing Committee Meeting

Monday, May 15, 2000:  
Time: 1:30 p.m.  
Transaction Recovery Fund Committee Meeting

Monday, May 15, 2000:  
Time: 2:15 p.m.  
Advertising Committee Meeting

Monday, May 15, 2000  
Time: 3:00 p.m.  
Personnel Committee Meeting

Tuesday, May 16, 2000:  
Time: 8:30 a.m.  
Finance Committee Meeting

Tuesday, May 16, 2000:  
Time: 9:30 a.m.  
Full Board Meeting

**NOTE:** Meetings may begin later, but not earlier than scheduled. Meeting end times are approximate.

## REMINDERS & USEFUL TIPS

**Closing for Vacation?** As summer draws near, thoughts turn to vacation and a week or two at the beach or in the mountains or elsewhere. If you close your dealership to take a vacation, (Two weeks or less.) please write, fax or e-mail the Board with the dates you plan to close. You should do this as soon as possible. If you plan to close longer than two weeks, please contact our office at least two months prior to when you anticipate closing – even if you do not know the exact dates. Please include your dealer number on all of your correspondence.

**Other Closings.** Virginia law requires all dealers to be open a minimum of 20 hours per week. Ten of these hours must be between the hours of 9:00 AM and 5:00 PM, Monday through Friday. In addition, you must post your hours at the dealership and note these posted hours on your renewal application. If you find it necessary to change your hours in between renewal periods, you must send us a notification of your new posted hours.

If an emergency, such as sickness, requires you to close early or not open at all, you must notify the Board office of this emergency closing. You may call us (Toll free at 877-270-0203 or 367-1100 if you are in the Richmond area), fax a note to us (804-367-1053) or send us an e-mail ([dboard@mvp.state.va.us](mailto:dboard@mvp.state.va.us)). Please include your dealer number on all of your correspondence. If you need to close your dealership for an hour or so in order to run an errand, etc, just leave a sign on the door or in the window as to what time you will be returning. This way, a customer or a MVDB Field Representative will know what time they may return in order to see you.

**“dot-com” Offers:** If you are approached by internet companies that want to help you sell vehicles, please keep in mind that Virginia law does not allow Virginia dealers to compensate anyone, other than a salesperson licensed in the name of the dealership, in the connection of the sale of an automobile. Specifically, § 46.2-1537 states:

“Prohibited solicitation and compensation. It shall be unlawful for any motor vehicle dealer or salesperson licensed under this chapter, directly or indirectly, to solicit the sale of a motor vehicle through a pecuniarily interested person, or to pay, or cause to be paid, any commission or compensation in any form whatsoever to any person in connection with the sale of a motor vehicle, unless the *person* is duly licensed as a salesperson employed by the dealer.”

## REMINDERS & USEFUL TIPS

(Continued)

Virginia dealers who violate this law could be assessed a civil penalty of up to \$1,000 per occurrence.

**Two Year Renewal.** If you decide to take advantage of the “renew for two” option, you will not be penalized if you hire a new salesperson and there is 12 months or less remaining on your dealer certificate. In this case, the fee for the new salesperson will be equal to the one year fee.



## CURBSTONING REPORT

Since the last Board meeting held in March, 124 “Curbstoner Notice Forms” have been issued by Dealer Board Field Representatives and DMV Special Agents. Also, there have been 4 criminal investigations. (1) The Board and DMV received repeated complaints about curbstoning at a Fairfax County residence. After periodic monitoring by both agencies, no vehicles were observed being displayed for sale there. A verbal warning was given to the property owner. Shortly thereafter, a DMV Special Agent saw a vehicle displayed “For Sale” at a nearby residence. After contacting the owner of the vehicle, it was the same person who lives at the alleged curbstoning residence. After presenting a title that was not in his name, he was charged and convicted of having an open title and was fined \$25. (2) In Campbell County, a Special Agent noticed numerous vehicles being advertised for sale in the local newspaper with the same contact information. He admitted to offering these vehicles for sale and was charged with selling vehicles without a license. He was convicted, fined \$500, and given 90 days in jail, with the jail time suspended conditioned upon him not engaging in any further activity. (3) As a result of a stolen vehicle investigation, a Special Agent discovered a residence in Smyth County surrounded by over 20 vehicles that were parted out or junked. The homeowner also had possession of 63 open titles. Due to the excessive number of titles involved, the judge fined him \$1,500, and suspended \$500 of that, conditioned upon payment of the fine by the agreed upon due date. (4) In Virginia Beach, an individual posing as a wholesale dealer purchased numerous vehicles from franchised dealers in the area. After his profession, he merely told people he was a dealer. After purchasing the vehicles, he then reassigned the titles to his bogus company. A Special Agent charged him with 6 felony counts of title fraud and one count of engaging in the business of selling vehicles without being licensed to do so. The trial is pending.

## WELCOME NEW DEALERS!

The Motor Vehicle Dealer Board formally welcomes the following new dealers for January & February! Should you have comments, suggestions or questions, please do not hesitate to contact the staff of the Dealer Board. Our telephone and FAX numbers, mailing address and e-mail address are all listed on Page 2.

<b>JANUARY</b>	
Chester Auto Sales 9618 Jefferson Davis Highway Richmond, Virginia 23237	Thalia Used Auto Parts 1149 S. Military Highway Chesapeake, Virginia 23320
J & A Auto Sales 7467 Tidewater Drive Norfolk, Virginia 23518	Abco 706 7 <sup>th</sup> Street Portsmouth, Virginia 23704
Besso's 2616 Airline Boulevard, #B Portsmouth, Virginia 23701	Northside Motors 1041 North Main Street Harrisonburg, Virginia 22802
Patriot Quality Pre-Owned Cars, Inc. Route 19/460 East Fincastle Avenue Tazewell, Virginia 24630	Dumfries Auto Sales, Inc. 17451 Jeff Davis Highway Dumfries, Virginia 22026
Auto Sales & Body Company 21915 A. L. Philpott Avenue Spencer, Virginia 24165	Stafford Public Auto Auction 3799 Jefferson Davis Highway Stafford, Virginia 22554
Marshall Quality Motors 2106 John Marshall Highway Front Royal, Virginia 22630	1 <sup>st</sup> Choice Auto Sales 800 East Main Street Waynesboro, Virginia 22980
New London Tractor & Equipment, Inc. 13001 E. Lynchburg Salem Turnpike Forest, Virginia 24551	Richmond Car & Truck Sales 4505 West Broad Street Richmond, Virginia 23230
The Lynk Group 801 Butler Street, Suite #59 Chesapeake, Virginia 23323	TNT Auto Sales, Inc. 613 W. Danville Street South Hill, Virginia 23970
Budget Car & Truck Sales 5204 Jefferson Davis Highway Fredericksburg, Virginia 22408	Country Estate Housing, LC 17 Country Estate Boulevard Crimora, Virginia 24431
Cridlin Auto Sales, Inc. 111 Old Zion Road Pennington Gap, Virginia 24277	Route 1 Pontiac-Buick-GMC, Inc. 14530 Jefferson Davis Highway Woodbridge, Virginia 22191
Car Mart, LLC 14364 Lee Highway Bristol, Virginia 24202	Richmond Goodwill Industries, Inc. 6301 Midlothian Turnpike Richmond, Virginia 23834
Auto Discounters Leasing 1005 Mahone Street, Suite 204 Fredericksburg, Virginia 22401	J & J Sales, Inc. 604 Thomas Nelson Highway Arrington, Virginia 22922

## JANUARY (continued)

Celebration Chevrolet 15478 Antioch Road Milford, Virginia 22514	Martinsville Ford, Inc. 201 Commonwealth Boulevard Martinsville, Virginia 24112
Garner Auto Sales 3204 Bainbridge Boulevard Chesapeake, Virginia 23324	Car & Truck Detailing 4802 Melrose Avenue, NW Roanoke, Virginia 24017
Riverside Sales & Service 1253 West Riverside Drive Salem, Virginia 24153	Fleet Brake & Clutch, Inc. Post Office Box 1776/16492 Greens Corner Road Culpeper, Virginia 22701
Tri-County Auto Sales Route 19 Central Center, Box 457 Hansonville, Virginia 24266	S & U Motors, Inc. 6006 Al Philpott Highway Martinsville, Virginia 24112
CJ's Automotive, Inc. 860 E. Little Creek Road Norfolk, Virginia 23519	Super Motors Post Office Box 912/6707 Fayette Street, Office #6 Haymarket, Virginia 20168
460 Automotive, Inc. 8801 County Drive Disputanta, Virginia 23842	Pikeway Motors 9800 Congress Street New Market, Virginia 22844

## FEBRUARY

Richmond Daewoo 11700 Midlothian Turnpike Midlothian, Virginia 23113	Patriot Autos At The Point Route 33, Business Park, Rt. 33 Mattaponi, Virginia 23110
Marlin Motors, Inc. 1752 B Virginia Beach Boulevard Virginia Beach, Virginia 23454	Express Auto Buying Services, Inc. 553 Manassas Street Front Royal, Virginia 22630
Clift Motor Co., Inc. 9245 Kings Highway, Post Office Box 106 King George, Virginia 22485	Crown Auto of Norfolk, Inc. 6328 E. Virginia Beach Boulevard Norfolk, Virginia 23502
Advantage Tire, Inc. 4903 S. Amherst Highway Madison Heights, Virginia 24572	Advanced Auto Sales, LLC 3800 South Four Mile Run Drive, #A Arlington, Virginia 22206
Virginia Public Works Equipment Company 2101 Loumour Avenue Richmond, Virginia 23230	King George Auto Auction, Inc. 13283 James Madison Parkway King George, Virginia 22485
Direct Rental Car Sales 7601 Midlothian Turnpike Chesterfield, Virginia 23235	Tristate Wholesalers Post Office Box 132, Route 11 & 257 Mt. Crawford, Virginia 22841
Quality Homes Route 2, Box 230 Lynchburg, Virginia 24501	Williamsburg Auto Locator 16410 Chickahominy Bluff Road Williamsburg, Virginia 23185

## FEBRUARY (continued)

RGS Pre-Owned Vehicles 11 East 4 <sup>th</sup> Street Salem, Virginia 24153	Franks Used Cars 114 Second Street Coeburn, Virginia 24230
1 Stop Auto Discounters, Inc. 6530 Virginia Beach Boulevard, #B Norfolk, Virginia 23502	Millennium Motors Post Office Box 91/6707 Fayette Street #3 Haymarket, Virginia 20168
Millennium Motors 820 North Pollard Street Arlington, Virginia 22203	McMillian Auto Sales 15101 Fancy Gap Highway/Post Office Box 272 Cana, Virginia 24317
WG Motors 1259 Carolina Road Suffolk, Virginia 23434	Eurobahn Auto Sales & Service, LLC 10531 Croatia Way Manassas, Virginia 20109
Budget Car & Truck Sales 4300 W. Broad Street Richmond, Virginia 23230	Annis Auto Sales and Consulting 23331 Lankford Highway Accomack, Virginia 23301

### ADVERTISING REGULATIONS

The Virginia "Motor Vehicle Dealer Advertising Practices and Enforcement Regulations" outlines the "do's" and "don'ts" of dealer Advertising. The regulations are based on Virginia Law. For your information and use, below are some of these regulations. If you would like a copy of all of the regulations, they are available from our WEB site or you may call the office and we will mail or fax them to you.

**Price or credit terms of advertised vehicles.**

When the price or credit terms of a vehicle are advertised in print, radio, or television, the vehicle should be fully identified as to year, make, and model. In addition, in all advertisements placed by individual dealers and not marketing groups, the advertised price or credit terms shall include all charges which the buyer must pay to the seller including "freight" or "destination charges." If there are deferred payments on credit sales where accrued finance charges are ultimately charged to the consumer for any part of the deferred period, then these charges must be clearly stated. State and local fees and taxes and buyer-selected options need not be included in the advertised price. If the buyer will be required to pay to the seller charges which increase the advertised price, the charges must be disclosed as set out in subsection D of this section and priced in the advertisement

### ADVERTISING REGULATIONS

*(Continued)*

**Matching or bettering competitor's price**

**advertisements.** Advertisements which set out a policy matching or bettering a competitor's price shall not be used unless the terms of the offer are specific, verifiable, and reasonable. All terms of the offer shall be included in the disclosure and disclaimer area and may not say such things as "rules or terms available in showroom" or "available before delivery." Any material or significant conditions which must be met or the evidence the consumer must present to take advantage of the offer must be fully disclosed as a part of the advertisement.



### CHANGES TO MAY BOARD MEETING DATES

Please note that the May Board meeting will be scheduled for the 3<sup>rd</sup> week rather than the 2<sup>nd</sup> week. See page 2 for the complete schedule of Committees and Full Board meetings.

## NEWS FROM THE GENERAL ASSEMBLY

The 2000 General Assembly passed several bills that will have direct impact on motor vehicle dealers. These bills, which all go into effect as of July 1, 2000 are summarized below.

- Under current law, dealers must include a copy of their buyer's order with their renewal package. Beginning July 1, this will no longer be necessary. The renewal application (DSD 10) will be modified to include a space where you will be required to note any processing fee you may charge. Board Field Representatives will review your buyer's order for compliance during routine visits to your dealership.
- Dealers will be able to retain records not only in their original form, but also in film, magnetic, or optical media (including but not limited to microfilm, microfiche, or other electronic media). The change in the law to allow dealers to keep records in an electronic form, stipulates that these records must "look" like the original form when they are viewed in their electronic format.
- Qualifying nonprofit organizations will be able to obtain a certificate from the Dealer Board that will allow them to title and then consign donated vehicles to licensed motor vehicle dealers. The dealers would have to conduct a safety inspection before selling at retail and issue a pass/fail sticker. The dealer will also be allowed to use dealer tags on vehicles consigned to them from certified nonprofit organizations. A consignment agreement will be needed.
- Establishes a \$2 fee for a replacement or a duplicate dealer plate registration card.

## NEWS FROM THE GENERAL ASSEMBLY

*(Continued)*

- Removes automatic issuance of salvage certificate for recovered stolen vehicles and revises the definition of late model vehicle from the current model year through the five preceding model years to current model year through the six preceding model years.
- Prospective buyers will be able to purchase vehicle history information from DMV.
- Provides that an application for the registration or recordation of a security interest is deemed perfected on the date it is filed with the Department of Motor Vehicles. In order to ensure that your interest is protected in the event the customer files bankruptcy, you should submit your application to DMV within 20 days. Please consult your attorney for further information.
- Franchise dealers: The Commissioner of DMV will have the authority to levy civil penalties for noncompliance of decisions made in reference to franchise laws.



## BONDING REQUIREMENT

Dealers who are within their first three years of operation are required to carry a \$25,000 bond. Any dealer who is required to pay a bond, and opens a second, third, etc dealership will be required to secure a bond for each of these new facilities. Once a dealer is beyond the three-year bond requirement, he/she is not required to obtain a bond upon opening additional dealerships.

# **ATTENTION ALL DEALERS:**

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