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MOTOR VEHICLE DEALER BOARD



A G Mark Herring Visits Board

The Virginia Motor Vehicle Dealer Board (MVDB) had a first-time visitor at its November meeting – state Attorney General (AG) Mark Herring. The AG said his office has special interest in ensuring that motor vehicle advertising is not deceptive. The Attorney General said he plans to use the enforcement powers of his office only as a last resort, but he talked about the MVDB’s enforcement actions on advertising. Herring emphasized the importance of making adver-

tised prices available to all consumers. The MVDB has been especially active in this realm in recent months. Herring said it may be tempting for dealers on the border of neighboring states, -- such as those in Northern Virginia-- not to observe the MVDB policies to be competitive with dealers across the border. But violating advertising laws is not the right response. Herring said he will work with Attorneys General in other states to enforce the advertising laws in tandem which he believes would

be helpful in markets like metropolitan Washington. The unprecedented visit of the AG to an MVDB meeting should underline for Virginia dealers the importance of compliance with advertising laws to avoid enforcement actions by the MVDB and even the office of the Attorney General. See [page 2](#) concerning [Advertising Regulations](#).

Article courtesy of WANADA Newsletter, 11/20/2015 http://wanada.org/files/Bulletin_46_2015.pdf

Transportation Conference

The Governor’s Transportation Conference was held at the Virginia Beach Convention Center on October 28th-30th. 1000+ government and industry leaders attended this year’s event. The three day conference kicked off with the Secretary of Transportation, Aubrey Layne and other

distinguished speakers including Governor Terry McAuliffe and US Secretary of Transportation Anthony Foxx. Transporting Virginia’s New Economy was the theme for the conference. MVDB organized a panel discussion on: *Education to Move the Motor Vehicle Dealer Industry*. Panel

moderator, Bruce Gould, Executive Director MVDB, Dr. Lisa B. Rhine, Provost Tidewater Community College – Chesapeake Campus, and from the Virginia Automobile Dealers Association: Sean Davis, Director of Dealer Operations and Bob Owens, State Manager, Automobile Youth



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Transportation Conference

Educational Systems all participated. The discussion focused on the partnership between the automobile industry and education and AYES (Automotive Youth Education System). For a full download of this presentation, please visit <http://www.vatransconf.org/Presentations.asp> (scroll down to presentation on *Thursday October 29th 1:40-2:30*).

Upcoming EVENTS

BOARD MEETINGS

All Meetings are held at DMV Headquarters

2300 W. Broad Street, Room 702 Richmond, VA

Monday, January 11, 2016

Time: 9:00 a.m.

Dealer Practices Committee Meeting

Monday, January 11, 2016

Time: Immediately following Dealer Practices

Licensing Committee Meeting

Monday, January 11, 2016

Time: Immediately following Licensing

Advertising Committee Meeting

Monday, January 11, 2016

Time: Immediately following Advertising

Transaction Recovery Fund Committee Meeting

Monday, January 11, 2016

Time: 10:00 a.m.

Full Board Meeting

NOTE: Meetings may begin later, but not earlier than scheduled.

Holiday Hours

CLOSED:



December 24, 2015

December 25, 2015

January 1, 2016

January 15, 2016

January 18, 2016

Reminders...

DMV revised the DSD 5A 5-Day Transport Certificate, effective November, 10, 2015. The Revisions made to the DSD 5A adds the certification statement that provides appropriate warning of criminal penalties per law enforcement request. Please recycle/destroy all old inventories of DSD 5A that you have on hand. This form will be posted on the MVDB and DMV websites. To view and download a current copy, click [HERE](#).

NEW 2015 Virginia Advertising Regulations

Effective December 1, 2015, the new 2015 Virginia Advertising Regulations are now posted on our website. The following three items are a summary of the 2015 amendments (i) eliminate the requirement that motor vehicle dealers maintain copies of their advertisements in newspapers and on the Internet for 60 days from the expiration of the advertisement, (ii) make clarifying changes in language, and (iii) repeal language that is repetitious of the Code of Virginia.

For the full and complete 2015 Virginia Advertising Regulations posted on our website, click [HERE](#)

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FTC – Two Las Vegas Dealers Advertising is Misleading Consumers

Following a public comment period, the Federal Trade Commission has approved final consent orders against two Las Vegas auto dealers that misrepresented the cost of cars in advertising.

The consent orders prohibit the dealers from misrepresenting the cost of financing or leasing a vehicle, stating the amount due at signing without disclosing certain lease terms, and failing to comply with Regulation M and the Consumer Leasing Act, and Regulation Z and the Truth in Lending Act. They are also prohibited from stating the amount or percentage of any down payment without disclosing repayment terms and the annual percentage rate.

In June 2015, TC Leadership LP, doing business as Planet Hyundai, and JS Autoworld Inc., d/b/a Planet Nissan, agreed to settle FTC charges that their ads included heavily discounted prices that were not generally available to consumers.

According to the complaints, TC Dealership, L.P., doing business as Planet Hyundai, and JS Autoworld, Inc., doing business as Planet Nissan, violated the FTC Act by running ads that misrepresented the purchase price or leasing offers of their vehicles and the amount due at signing. Their ads also violated the Consumer Leasing Act (CLA) and the Truth in Lending Act (TILA) by failing to disclose required lease terms and other credit information.

In promotions by Planet Hyundai for example, the FTC charged that the dealership misled consumers by prominently advertising a vehicle price for “\$0 DOWN AVAILABLE”, and then in fine print noted that consumers must turn in a vehicle with a trade-in value of at least \$2,500. The dealership also failed to disclose other information in its ads such as whether or not a security deposit was required.

Among the deceptive ads by Planet Nissan were prominent offers for “PURCHASE! NOT A LEASE!” when in fact, many of the offers were for leases. Ads by the dealership also failed to disclose the amount of a down payment required, and the terms of repayment.

As part of the proposed consent orders, the dealerships are prohibited from misrepresenting the cost to purchase or lease a vehicle and are required to comply with CLA and Regulation M and TILA and Regulation Z.

Carfax Expansion in Fairfax and Loudoun Counties

Governor Terry McAuliffe recently announced that Carfax®, the leading provider of vehicle history information for buyers, sellers, and owners of pre-owned cars in the United States, will invest \$5 million to expand its headquarters in Fairfax County, creating 120 new jobs. The company will also invest \$10.8 million to upgrade its data center operation in Loudoun County.

Speaking about the announcement, **Governor McAuliffe said**, “I am thrilled to announce that another Virginia-headquartered company is expanding its footprint in the Commonwealth. Virginia is a world-class center for emerging internet technology, software development, fiber optics and advanced communications companies, and helping businesses in these sectors grow and create jobs is a large part of our efforts to build a new Virginia economy. We are proud to boast Carfax on our corporate roster, and look forward to continuing this great partnership.”

Carfax, provides information that helps millions of people shop, buy, own and sell used cars with more confidence. Carfax created the Vehicle History Report in 1986 and continues to develop innovative services that help consumers, dealers, insurers, law enforcement, and the automotive industry. The company maintains a database comprising over 15 billion vehicle history records from more than 92,000 sources worldwide and handles more than 2.7 million requests for vehicle history information every day.

“We are proud to call Virginia home and are grateful to the Commonwealth for the support they’ve provided to help us thrive,” **said President of Carfax Dick Raines**. “We’ve found here a winning combination of world-class talent, 21st century infrastructure, global access, and amenities that make this one of the best places to live. We look forward to a continued partnership that will enable us to help millions of people this year and millions more far into the future.”

Board Actions

Dealer Practices

American Auto Maxx and Said Tahir Sadat. This issue was tabled at the September Meeting in order to give the dealership an opportunity to make things right with the consumer and to take care the Dealer's salesperson licensing problem. The owner of the dealership was encouraged to attend this meeting and show that they have taken care of the problems. A February 2014 inspection revealed several deficiencies in record keeping and posting of hours. A consumer complaint resulted in the owner being convicted of selling a motor vehicle before it was safety inspected and discovery that the sale was made by an unlicensed individual. On June 24, 2015, an informal fact-finding conference was conducted to address the alleged violations related to sales license required, dealer records, inspection of vehicles required, and having been convicted of a crime involving selling a vehicle. Based on the information provided at the conference, the Board issued a \$1,500 civil penalty.

Road Trust Automotive, LLC and Morshed Syed. Through an attempted random inspection, it was discovered that this dealership was no longer operating out of its licensed location. As a result, an "Intent to Cancel" letter was generated. Upon receiving the letter, Mr. Syed notified the Board that he had moved. At the relocation inspection, a number of record keeping and other deficiencies were observed. On September 15, 2015, an informal fact-finding conference was conducted to address the alleged violations related to location to be specified, display of license; change of location, supplemental sales locations, dealer records, odometer disclosure, failure to inspect vehicle prior to retail sale, material misstatement, and having used deceptive acts or practices. Based on the information provided at the conference, the Board assessed a civil penalty of \$2,400, require a satisfactory inspection, and successful completion of the 2-day dealer-operator course.

Motor Maxx, Inc. and Manuel J. Hirezi. During a random inspection it was observed that the dealer's records were not compliant to include proof of safety inspections. It was also discovered that the liability insurance for this dealership had lapsed. In the informal fact-finding conference the dealer admitted to his deficient record keeping and failure to have proof of safety inspection readily available. A subsequent inspection indicate that records were in better shape to include proof of safety inspection. It appeared that this dealer had been conducting safety inspections, however proof was not readily available. On September 29, 2015, an informal fact-finding conference was conducted to address the alleged violations related to dealer records, inspection of vehicles required, and failing to maintain automobile liability insurance on dealer tags. Based on the information provided at the conference, the Board assessed a civil penalty of \$4,100, a fifteen day suspension of Mr. Gabi Hirezi's sales license, and require a satisfactory inspection, and the Board agreed with the recommendation.

A-1 Autos, Inc. and Faramarz Taleb. A random inspection revealed that this dealership had insurance on only two of the four dealers tags issued to the dealership. Mr. Taleb was given the choice of paying a \$1,000 civil penalty or participating in an informal fact finding conference. Mr. Taleb opted to come in for a conference. On September 29, 2015, an informal fact-finding conference was conducted to address the alleged violations related to insurance required on dealer tags. Based on the information provided at the conference, the hearing officer recommended a written warning placed in his file for the oversight for being underinsured.

Dash Motors, Inc. and Tom K. Dashtaray. The Board staff received complaints from consumers that they had not received their title and had been issued multiple sets of thirty day tags. In the course of reviewing the consumer complaints, it was discovered that this dealer was charging customers a \$250 "on-line systems filing fee". This dealer is not an on-line dealer and even if he was – he could only collect a \$10 fee. A review of his record found 43 sales where the \$250 fee was charged. On October 9, 2015, an informal fact-finding conference was conducted to address the alleged violations of VA Code failure to provide title within 30 days, defrauding any retail buyer, and deceptive acts or practices. Based on the information provided at the conference, the Board assessed a civil penalty of \$2,500, require a satisfactory inspection and that Dash be required to refund the

Board Actions

money within 30 days, that was illegally charged for an “online systems filing fee” in the amount of \$250 to each of the 43 customers involved in the sales transactions. The Board also mandates that Mr. Tom Dashtaray, or Mr. Arash Dashtaray complete the 2-day dealer-operator course.

Trust Auto, Inc. and Fahriddin Kurbanov. This dealer had no fewer than four consumer complaints filed with the Board in under a year for failing to produce a title. Inspections held in conjunction with DMV lead to the discovery of a number of problems including open titles (Including 22 after being issued a warning); abuse of issuance of PoD tags (2,370 tags and 467 sales); emailing PoD tags; changing information in order to “trick” the PoD system; failure to inspect vehicles before offered for sale at retail; and poor recording keeping. On September 16, 2015, an informal fact-finding conference was conducted to address the alleged violations related to dealer records, buyers orders not being signed, odometer disclosure {open titles}, inspection of vehicles required, failure to provide title within 30 days, misuse of D-tags, material misstatement-PoD, failure to comply with previous warnings, deceptive acts and practices, and leasing, renting, or lending of dealer plates-PoD. Based on the information provided at the conference, the Board assessed a civil penalty of \$5,000 and require a satisfactory inspection.

A & R Motors, LLC, and Zuhair Ramadan. Paid a \$3,500 civil penalty for failure to insure each D-tag.

Fahad Auto Sales, LLC, and Jassam Sarhan. Paid a \$250 civil penalty for failure to have all required dealer records available for inspection.

Capital Motors, LLC and Luis Muncayca. Paid a \$1,000 civil penalty for failure to have all required dealer records available for inspection.

JBBM Auto Sales, and Luis Munayco. Paid a \$2,500 civil penalty for failure to insure each D-tag.

Nexcar, Inc. and Jacob & Joseph Morris. Paid a \$2,500 civil penalty for failure to insure each D-tag.

Ameena Motors, and Muhammad Z. Khan-Lodhi. Paid a \$2,500 civil penalty for no record of W-2's, and failure to safety inspect vehicles prior to retail sale.

Moores Auto Sales, and Wayne Moore. Issued a \$250 civil penalty for failure to maintain business hours. Mr. Moore closed his business, but agreed to pay the civil penalty before another application for any license be considered by the Board.

CarMax Auto Superstores, and Thomas Folliard. Paid a \$250 civil penalty for misuse of D-tag.

Richard Cady Auto Sales, and Richard H. Cady. Paid a \$500 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

A A Imports, and Kamran Khan. Paid a \$500 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

B & B Auto Group, and Joseph Brooks. Paid a \$500 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

Legend Auto Sales, Inc., and Ehab E. Saleh. Issued a \$250 civil penalty for failure to maintain business hours. Mr. Saleh closed his business, but will need to pay the civil penalty before any application for another license be considered by the Board.

Dave's Auto Sales, and David Bragg. Paid a \$250 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

Credit Cars Select, LLC, and Eric Nilson. Paid a \$500 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

Board Actions

Nexus Auto Sales, Inc., and John Adeli. Paid a \$250 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

Empire Auto Sales, and Nellie Murray. Paid a \$250 civil penalty for failure to maintain business hours, and failure to comply with a previous warning.

Advertising

Chase Gibrall Motor Sports and Lube, LLC, and Phillip Gibrall. Paid a \$250 civil penalty for advertisement placed on Craigslist is listed under the "owner" category instead of the "dealer" category which is considered to be misleading. Also, dealer failed to disclose the name of the dealership or VADLR.

Merlex Auto Group, and Amin Kandahari. Paid a \$2,250 civil penalty as the Dealer's website had vehicles advertised that have been sold and disclaimer stated prices are for cash only. Both issues are considered to be misleading and deceptive.

Koons Automotive, Inc., and John Koons, III. Paid a \$2,000 civil penalty for sale of a vehicle by an unlicensed salesperson. In addition, Koons gave a customer a non-compliant dealer rebate, in violation of advertising practices and is considered unfair, deceptive, or a misleading act or practice.

Richmond Auto Sales, and Simon Kibrom. Paid a \$500 civil penalty for advertising in the owner section of Craigslist instead of the Dealer section. Furthermore, the advertisement failed to disclose the name of the dealership or VADLR, which would also fall under the category of Deceptive Acts and Practices. In addition, the vehicle was sold from a residence instead of the licensed location.

Beach Auto Brokers, and Brian Jones. Paid a \$1,500 civil penalty for advertising vehicles for sale on their website that had been sold, which is considered to be misleading and deceptive.

Cardirect, LLC, and Brian Jones. Paid a \$500 civil penalty because the dealer's website had vehicles available for sale that had been sold which is considered to be misleading and deceptive. Also, Website states "Free Oil Changes" and "Free VA State Inspections". Advertising regulations prohibit advertising "free" items that require a purchase to get the "free" item.

Paul Obaugh Ford Lincoln, and Paul Obaugh. Paid a \$500 civil penalty for advertisements that state "1.9% for 66 Months" without providing proper disclosure to complete the Truth in Lending Act requirements. This was a subsequent offense.

NOTE: Depending on the circumstances, all Board Actions may be appealed To Circuit Court, or for an administrative hearing.

For prior issues of Dealer Talk click [HERE](#)

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Reminders...

As of January 1, 2011, ALL IDO's of independent dealerships must at some point in time, recertify their IDO qualification every three years by either taking an online course, or in a classroom, or by passing a DMV test. Click [HERE](#) for more information and [HERE](#) to determine your recertification deadline. Please note that dual licensed **Franchise** dealers are exempt from recertification. If you are unclear on your recertification deadline, or any other recertification questions, please contact the Board. Or, call Ann Majors at the MVDB. She may be reached at 804-367-1100 x 3016, or email her at ann.majors@mvdv.virginia.gov

IMPORTANT NOTICE TO PROSPECTIVE DEALERS

The path to a Dealer-Operator license begins with a required two-day course of study each month at various community colleges in Virginia with the curriculum and instruction provided by VIADA.

The course takes the attendee from establishing the dealership under local zoning and Dealer Board requirements, through the sales process with its multitude of forms, laws and regulations, in to a sampling of opening and operating expenses, and ending with a discussion on ethics. The course is open to all existing dealers and their employees. The course offers 1.6 continuing education credits transferable to any college.

Date	College	Contact Information
2015		
Dec 08-09	Lord Fairfax in Middletown	Registration 540-868-7021 www.lfccworkforce.com
2016		
January 12 & 13	Germanna Community College, Fredericksburg	Contact: Registration 540-937-2913 www.germanna.edu/workforce
January 26 & 27	Patrick Henry Community College, Martinsville Campus	Contact: Registration 276-656-0260 www.ph.vccs.edu
February 9 & 10	Paul D. Camp Community College, Franklin	Contact: Renee Brown 757-569-6050 www.pdc.edu/workforce-development
February 23 & 24	Virginia Western Community College, Greenfield Center, Daleville	Contact: Registration 540-966-3984 www.virginiawestern.edu

What's Wrong With This Picture??



§ 46.2-1558.1 – states in part that the DMV may develop and implement procedures and requirements necessary for delivery of temporary license plates. As of January 1, 2014, Cardboard 30-day temporary tags (red & white) were no longer to be issued or used. If dealer's had any inventory left over after January 1, 2014, they were to return all unused 30 day temporary tags to any DMV customer service center before March 1, 2014.

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



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Dealer Talk

Volume 18, Issue 107

MVDB Executive Director to Retire



Bruce Gould, the MVDB Executive Director recently informed the Board that he will be retiring in the spring of 2016. The exact date will be determined once a new Executive Director is hired. Mr. Gould was appointed as the temporary Executive Director in November of 1996 and in April of 1997 was appointed as the Executive Director.

The Executive Director position is appointed by the nineteen member Board. Applications for the position must be submitted through the Virginia Department of Human Resources WEB site. Click [HERE](#) for more details.

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