

INTERNET TASK FORCE

As reported in previous issues of Dealer Talk, Rick Holcomb, Board Chairman, created the Internet Task Force to review emerging Internet and associated e-commerce vehicle sales industry issues. The Task Force examined these issues from the perspective of both the dealers and consumers. The objective of this review was to submit recommendations to the Motor Vehicle Dealer Board for their consideration and guidance for future policy determinations.

The Task Force had six meetings and one subcommittee meeting beginning in May of 2000. The Task Force submitted its' report and recommendations to the Board for consideration at the Board's January meeting. After reviewing the report, the Board voted unanimously to adopt the report. Below is an overview from the report.

Overview of Internet Task Force Policy Discussions

The Internet Task Force ("ITF") believes that the Internet can be a valuable tool for consumers, licensed motor vehicle dealers, dotcoms, and other third-parties involved in the sale or lease of motor vehicles in Virginia. However, the ITF also recognizes that the Internet brings with it many issues that have never been contemplated by regulators, dealers, manufacturers or consumers. For this reason, the ITF discussions and consequent recommendations embrace the Internet as a useful tool, while also recognizing that the current statutory and regulatory framework governing motor vehicle sales protocol adds tremendous value that cannot be replaced by the Internet. The ITF generally recommends that the Internet be used primarily to improve the sales process within the current motor vehicle sales statutory and regulatory framework. *(continued on page 2)*

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State Holiday for the Month of February

In Observance of:



President's Day

Our Office will be closed:

February 19, 2001

INTERNET TASK FORCE REPORT

(continued from page 1)

Overview of Internet Task Force Policy Discussions

The ITF supports the proposition that the Internet can be a valuable marketing tool for licensed Virginia motor vehicle dealers, third-party vendors, third-party dotcoms, and manufacturers. Under certain circumstances, the ITF also favors the submission of some paperwork online as a means to expedite the sales process and foster consumer awareness and trust. In limited situations, the ITF supports the idea of consumers purchasing a vehicle completely "online."

However, the ITF also believes that the presence of the Internet should not disrupt the integrity of the current statutory and regulatory scheme. The ITF's recommendations continue to recognize the importance of the franchisor/franchisee distribution sales system, as well as the integral role performed by licensed motor vehicle dealers and salespersons. In addition, the ITF's recommendations recognize and preserve those practices that have heretofore resulted in benefits to consumers, and reaffirm opposition to those practices that could be injurious to consumers.

The ITF believes that the sale of motor vehicles must be regulated by the Motor Vehicle Dealer Board and the Department of Motor Vehicles and believes that continuing to license dealers and salespersons is the best way to do so. In addition, the ITF supports the idea that the sale of motor vehicles should be limited to licensed Virginia motor vehicle dealers exclusively, and that out-of-state licensed dealers, manufacturers, brokers, third-party vendors and dotcoms should be prohibited from acting as a motor vehicle dealer in Virginia without first obtaining a license to do so.

In sum, the ITF supports a marriage between the traditional motor vehicle sales paradigm in Virginia and the Internet. The ITF anticipates that the result of such union will be beneficial to consumers, licensed motor vehicle dealers and all other parties associated with the sale of motor vehicles in the Commonwealth.

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This 24 page report can be viewed and printed from the Board's Web site (www.mvdb.vipnet.org), by clicking on the "Special Reports" button. You may also request a copy by sending us an e-mail, a FAX note, a note by mail or by calling the Board Office. All of these addresses and telephone numbers can be found on page two of this newsletter.

DEALER TALK

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, March 12, 2001:
Time: 9:00 a.m.
Dealer Practices Committee Meeting

Monday, March 12, 2001:
Time: 10:00 a.m.
Franchise Law Committee Meeting

Monday, March 12, 2001:
Time: 10:45 a.m.
Licensing Committee Meeting

Monday, March 12, 2001:
Time: 1:30 p.m.
Transaction Recovery Fund Committee Meeting

Monday, March 12, 2001:
Time: 2:15 p.m.
Advertising Committee Meeting

Monday, March 12, 2001:
Time: 3:00 p.m.
Personnel Committee Meeting

Tuesday, March 13, 2001:
Time: 8:30 a.m.
Finance Committee Meeting

Tuesday, March 13, 2001:
Time: 9:30 a.m.
Full Board Meeting

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

ACTIONS FROM THE JANUARY BOARD MEETING

- **Advertising.** A hearing officer conducted an informal fact-finding conference for a Virginia Beach dealer who, despite verbal and written education and warnings from Board staff, continued to advertise “wholesale to the public.” This type of advertising is not allowed because the term “wholesale” applies to sales to other dealers and not consumers.

After carefully reviewing the evidence and the hearing officer’s report, the Board determined that the dealer should pay a \$500 civil penalty. The owner will have 33 days to either pay the civil penalty or appeal the decision to circuit court. If the owner takes no action, the Board has the authority to suspend or revoke the licenses of the dealership.

- **Curbstoning.** The Dealer Board voted to work with the Department of Motor vehicles (DMV) to establish a new position within DMV to develop, implement and coordinate anti-curbstoning activities throughout the Commonwealth of Virginia. The Dealer Board will fund this position. Watch for further information in future issues of Dealer Talk.

- **Legislation.** The Motor Vehicle Dealer Board prepared two legislative proposals for consideration by the 2001 General Assembly:
 - The first proposal, if adopted, would allow the Board to offer discounts in the licensing fees for those dealers who choose to renew their licenses for multi-year periods (two-year renewal) or who choose to conduct their transactions with the Board on-line.
 - Currently, if there are multiple Transaction Recovery Fund claims against a single dealer, the Fund can pay a total of \$75,000. Under this second Dealer Board proposal, multiple claims will be covered up to a total of \$100,000. Also, currently, the maximum amount the Fund can pay to an individual is \$15,000. Under this proposal the maximum payment would be increased to \$20,000.

(continued on the next column)

ACTIONS FROM THE JANUARY BOARD MEETING

If the General Assembly adopts these two proposals, they would be effective as of July 1, 2001. Future issues of Dealer Talk will include updates of these legislative proposals.

The Board voted to oppose any legislation that would decrease the minimum business hours required by current state law should such a bill be introduced to the General Assembly.

The Board also voted to oppose any bill that would modify the current laws related to the use of dealer plates should such a proposal be introduced to the General Assembly.



“BIRD DOGGING”

Virginia law is very clear: Only licensed salespeople may receive compensation in the connection of a sale of a motor vehicle. Specifically, § 46.2-1537 of the Code of Virginia states:

“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 [financially] 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.”

You could be assessed a civil penalty of up to \$1,000 for each time you compensate or pay anyone, other than one of your licensed salespeople, in connection with the sale of a motor vehicle. This prohibition includes, but is not limited to, compensating customers, Internet companies and others who refer customers to you and this referral leads to a sale.

Please be careful if you are approached by an internet company that offers to help you sell vehicles. As stated above, Virginia law does not allow Virginia dealers to compensate anyone, other than a salesperson licensed in the name of the dealership, in connection with the sale of an automobile. If an internet or any other company is merely advertising your vehicles and/or your dealership there should not be a problem. Problems begin when compensation is being made in connection with the sale of a vehicle.

CURBSTONING REPORT

Since the last Board Meeting, DMV Special Agents and Dealer Board Field Representatives have issued a total of 102 curbstoning notices. In Rockingham County, three separate charges of selling vehicles without a license were placed against an individual who was formerly licensed as a dealer. In Roanoke City, a DMV Special Agent noticed a vehicle displayed for sale. After checking the vehicle registration, it was discovered that the owner had sold 24 vehicles since 1992 of which 16 of those were sold between 3/20/99 and 12/28/00. Despite the Special Agent counseling the laws to the gentleman regarding curbstoning, he later sold 3 more vehicles. A warrant has been obtained for selling vehicles without being properly licensed. Also in Roanoke City, DMV investigated a curbstoning incident in October 1999. At that time, the individual was counseled as to the law and was given an opportunity to stop curbstoning. He subsequently titled and sold 4 more vehicles, and several other vehicles displayed "for sale" on his property. A warrant has been obtained for selling vehicles without being properly licensed.

In Prince William County, an individual came to the Westfields CSC attempting to title a vehicle in his name. He supposedly purchased the vehicle from a dealer, but the CSC clerk noticed the paperwork had no dealer number listed. The clerk notified a DMV Special Agent and during an interview, the individual admitted to fabricating the dealership and the accompanying paperwork himself. He had created a fictitious dealership in order to gain entry and purchase vehicles at auto auctions. The vehicles were then exported for sale out of the country. The individual has been charged with selling vehicles without being properly licensed, and a January court date has been set. Update: At the last Board meeting, the committee was briefed on a case involving an individual who had purchased 13 PT Cruisers since April 2000. Despite warnings from a DMV Special Agent and a Dealer Board Representative, he continued to display and sell the vehicles. The individual was convicted on December 5, 2000 of selling vehicles without being properly licensed and fined \$200.

NEW TELEPHONE SYSTEM

Recently, we installed a new automated telephone answering system in the Motor Vehicle Dealer Board Office. This new system will allow you to connect directly with the Board employee or division you need. If you know the extension number of the employee you are calling, you can dial their number at any time after the automated attendant answers your telephone call. If you do not know the employee's extension number, simply press "1" once the automated attendant answers the telephone and you will be instructed on how to reach the employee you wish to speak with.

If you do not need to speak with a specific employee, just press "4" once the automated attendant answers the telephone and you will be connected directly to one of our licensing technicians. Below is a list of the office personnel and their extension numbers:

Alice Weedon	3001
Bruce Gould	3002
Peggy Bailey	3003
Katherine Gray-Idrissi	3004
Debbie Allison	3005
Carol King-Robinson	3006
Wanda Neely	3007
Barbara Hill	3008
Arletta Taylor	3010
Judy Lewis	3011
Dealer Window	3012
Debbie Starke	3013
Linda Bradley	3014
Diane Handy	3015
Hearing Room	3016
Filing Area (Shereeta)	3017

DO YOU HAVE A DEALER LICENSE FROM THE BOARD AND DMV?

If you are one of the over 400 dealers who can answer "YES" to this question – read on because we have some good news for you!

Effective April 1, 2001, dealers who are licensed by both the Motor Vehicle Dealer Board ("Board") and the Department of Motor Vehicles ("DMV"), at the same business location, can renew both licenses through the Board. Dealers licensed by the Board and DMV at the same business location are referred to as "Dual-Licensed Dealers." The Board licenses car and truck dealers and the DMV licenses motor home & travel trailer, trailer, and motorcycle dealers.

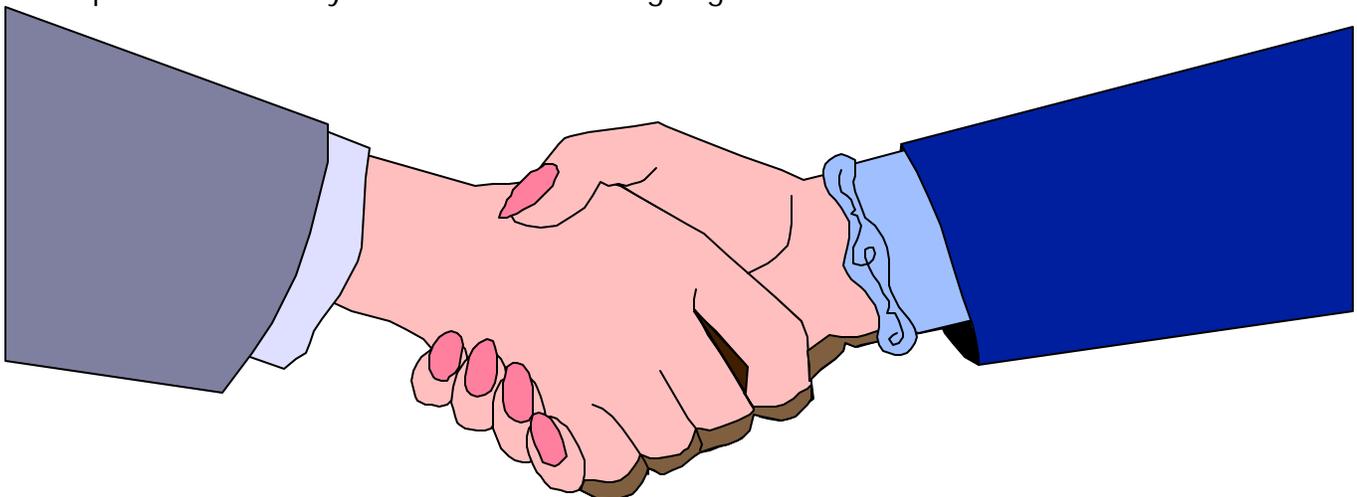
This one-stop licensing renewal process is being provided to enhance the delivery of services to our dealers and for the mutual benefit of both the Board and DMV. Specifically, this service provides one location for dual-licensed dealers to conduct all transactions such as dealer/salesperson licensing, salesperson / dealer-operator certificates of qualification, and dealer license plate transactions; reduces the number of renewal packages to one package; creates a customer friendly process; and decreases inter-agency redundancy.

Dual-licensed dealer license renewal packages mailed March 15 for April 1 renewals, will be mailed and processed by the Board. The renewal package will contain renewal forms for both the Board and DMV types of licenses. When the dealer completes the renewal package, simply return the whole package to the Board for processing.

Initial applicants who wish to be licensed as dual-licensed dealers, at the same business location, may also take advantage of this one-stop option and may apply for both types of licenses through the Board.

Should you have any questions concerning the one-stop renewal and initial licensing process for dual-licensed dealers, please contact the Board toll free at (877) 270-0203, extension 3512; from the Richmond area call (804) 367-1100, extension 3512; Fax Number (804) 367-1053; E-Mail address dboard@mvb.state.va.us; or write or visit the Motor Vehicle Dealer Board, 2201 West Broad Street, Suite 104, Richmond, Virginia 23220.

If your Board license and DMV license have different renewal dates, you will soon receive a telephone call to let you know how we are going to fix that situation.



WELCOME NEW DEALERS!

The Motor Vehicle Dealer Board formally welcomes the following new dealers for November & December! 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.

NOVEMBER	
Battlefield Ford Mercury 10463 James Monroe Highway Culpeper, Virginia 22701	American Auto Sales, Inc. 282 Broadview Avenue Warrenton, Virginia 20186
B & B Motors of Grundy, Inc. Route 460, Post Office Box 1372 Grundy, Virginia 24614	Friendly Car Company, Inc. 20475 Jebb Stuart Highway Stuart, Virginia 24171
Car Choice 6626 E Virginia Beach Boulevard Norfolk, Virginia 23502	EE Bington Motors, Inc. 6005 Mechanicsville Turnpike Mechanicsville, Virginia 23222

DECEMBER	
Equitable Finance & Lease 1290 Jefferson Davis Highway #103 Stafford, Virginia 22554	Brown's Sterling Nissan 45155 Towlern Place Sterling, Virginia 20166
Statewide Auto Ventures 11701 Nokesville Road, Suite 1 Bristow, Virginia 20136	Charlie Obaugh Pon., Buick, GMC of Harrisonburg 202 North Liberty Street Harrisonburg, Virginia 22801
Karzone, Inc. 5009 Deep Creek Boulevard Portsmouth, Virginia 23702	Luray Ford, Inc. 26 North Broad Street Luray, Virginia 22835
Eagle Auto Sales 7301 Warwick Boulevard Newport News, Virginia 23607	Dave's Auto Wholesalers 3515 Shipwright Street Portsmouth, Virginia 23703
Sadler Auto Center of Franklin, LLC 1011 Armory Drive Franklin, Virginia 23851	Lynchburg Mitsubishi, Lot 2 18557 Forest Road Lynchburg, Virginia 24501
Front Royal Auto Recycling, Inc. 4381 Stonewall Jackson Highway Bentonville, Virginia 22610	Nations Auto Loan Center 14538 Jeff Davis Highway Woodbridge, Virginia 22191
Surratt's Auto Sales 21150 Clear Creek Road, Suite 1 Bristol, Virginia 24202	E-Z Auto Sales 220 North Witchduck Road Virginia Beach, Virginia 23462
Commerce Motors 348A Commerce Avenue Front Royal, Virginia 22630	BMW of Arlington 3100-3154 Jefferson Davis Highway Arlington, Virginia 22202

DECEMBER (continued)

Affordable Used Cars 314 Main Street, #B Wise, Virginia 24293	Verona Auto Sales 153 Lee Highway Vernona, Virginia 24293
Extreme Auto Sales, LLC 6707 Jefferson Street, #6, Post Office Box 983 Haymarket, Virginia 20168	Trailblazer Auto Sales 34 Bloomer Springs Road McGaheysville, Virginia 22840
Virginia Trailer & Truck Body, Inc. 3320 Business Center Drive Chesapeake, Virginia 23323	Sheehy Ashland, Inc. 418 S. Washington Highway Ashland, Virginia 23005
Chandlers Inc. of Melfa 2411 Lankford Highway Tasley, Virginia 23441	Auto USA, Inc. 2200 Frederick Boulevard Portsmouth, Virginia 23701
Credit Car America 7530 Midlothian Turnpike Richmond, Virginia 23225	Woody's Auto Sales, Inc. Route 460 Oakwood, Virginia 24631
Bob's Texaco & Wrecker Service 19046 Greenbush Road Parksley, Virginia 23421	Victory Nissan of Chesapeake 930 Battlefield Boulevard, N. Chesapeake, Virginia 23320
Dewey's Truck Sales 172 Piney Pond Road, Post Office Box 145 Brodnax, Virginia 23920	Warsaw Auto Sales 4948 Richmond Road Warsaw, Virginia 22572
Headline Auto 6328 E. Virginia Beach Boulevard Norfolk, Virginia 23452	Powell Motors of Amelia 11210 Patrick Henry Highway Amelia, Virginia 23002
Ranson Chevrolet Oldsmobile, Inc. 108 Floyd Pike Hillsville, Virginia 24343	

ATTENTION ALL DEALERS:

Inside this issue, please read about the following:

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