

**INTERNET TASK FORCE**

The Dealer Board's Task Force, which examines motor vehicle sales using the Internet, had its third meeting on September 12, 2000. Task Force membership includes: Dealer Board Members Karen Radley (Task Force Chair) (Radley Automotive, Fredericksburg), Tom Barton (Beach Ford, Virginia Beach), Clyde King (King Motor Company, Abingdon), Margo Clarke (Consumer, Richmond), Mike Martin (Dudley Martin Chevrolet, Manassas), Steve Farmer (Steve Farmer Auto Sales, Altavista), and Bruce Farrell (Berglund Chevrolet Buick Jeep, Roanoke). Other members of the Task Force include: Andy Alvarez (Division of Consumer Services, Virginia Department of Agriculture and Consumer Services), James Beamer (Representing the Alliance of Automobile Manufacturers), Steve Cannon (CarMax, Richmond), John Lally (Greenlight.com), Chris Doss (Virginia Information Providers Network), Don Hall (Virginia Automobile Dealers Association), David Boling (Virginia Independent Automobile Dealers Association), Roger Leek (Richmond Times Dispatch), Marianne Radcliff (Williams Mullen Public Affairs, representing Ford), Vince Sheehy (Sheehy Automotive Group, Fairfax), Jerry Simonoff (Council on Information Management), Steve Snyder (Checked Flag, Virginia Beach), Bruce Gould (Executive Director, MVDB) and Katherine Idrissi (Policy Analyst Senior, MVDB).

At its September meeting, the members of the Task Force reviewed a number of scenarios or models of selling and marketing motor vehicles over the Internet. This review was done without regard to current law. The idea behind this exercise was to begin to focus on the policy issues involved with the Internet and motor vehicle sales. After the Task Force determines how the Internet **should** be integrated into the motor vehicle sales industry, the necessary changes (if any) to the current laws could be considered. Therefore, when the Task Force members analyzed the different scenarios and models, they had to determine what they thought would be best for dealers and consumers in Virginia...that is, what practices represent the best policy?

The exercise gave the Task Force an opportunity to take a fresh look at the policy questions surrounding the sale of automobiles over the Internet, rather than getting bogged down with a review of the current laws. Once the policy direction has been determined, an analysis can be performed to compare current laws with the recommendations of the Task Force.

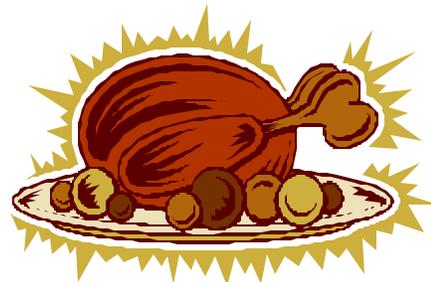
This modeling activity proved to be a very productive way to approach this situation. In an effort to keep the task force's momentum, it was decided to have an October meeting rather than wait until November. This additional meeting has been scheduled for October 18, 2000 at the Department of Motor Vehicles headquarters building on 2300 West Broad Street in Richmond. The meeting is scheduled to begin at 10:00 and all are invited to attend. It is anticipated that the task Force will also meet at the DMV headquarters building on November 14 at 2:00.

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**State Holiday for the Month of  
November**

**Our Office will be closed on  
November 23 & 24, 2000 in  
observance of:**

**THANKSGIVING DAY**

**NOTE:** In the past, Governors have been known to extend state holidays. These dates are subject to change and will be noted in local newspapers.

## REMINDERS & USEFUL TIPS

- **"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.

- **BUSINESS HOURS**. Virginia law requires that all dealers be open for business a minimum of twenty hours per week, at least ten of which are between the hours of 9:00 AM and 5:00 PM, Monday through Friday. In addition, your hours must be posted near the main entrance to your business and you must include these hours on your renewal application. If you change these hours, please inform the staff at the Dealer Board.

Open for business means that you must have an employee present during posted business hours who has sufficient authority and knowledge of your records to allow an examination of your records by a Board field representative. Failing to be opened during posted business hours or failure to have someone available to allow access to records, could result in the assessment of a civil penalty by the Board. If you must close your dealership for an unexpected reason during posted business hours, please post a sign on the door as to when you will be returning.

- **TEMPORARY/VACATION CLOSING**. The Dealer Board recognizes that on occasion, it is necessary to close your dealership for a short period of time in order to take a vacation, or because of illness, etc. Please notify us by mail, FAX or e-mail if you need to close for a short period of time. In the June issue of Dealer Talk we included a form that you can use to notify us.

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.

## 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, November 13, 2000:  
Time: 9:00 a.m.  
Dealer Practices Committee Meeting

Monday, November 13, 2000:  
Time: 10:00 a.m.  
Franchise Law Committee Meeting

Monday, November 13, 2000:  
Time: 10:45 a.m.  
Licensing Committee Meeting

Monday, November 13, 2000:  
Time: 1:30 p.m.  
Transaction Recovery Fund Committee Meeting

Monday, November 13, 2000:  
Time: 2:15 p.m.  
Advertising Committee Meeting

Monday, November 13, 2000  
Time: 3:00 p.m.  
Finance Committee Meeting

Tuesday, November 14, 2000:  
Time: 8:30 a.m.  
Personnel Committee Meeting

Tuesday, November 14, 2000:  
Time: 9:30 a.m.  
Full Board Meeting

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

## ACTIONS FROM THE SEPTEMBER BOARD MEETING

- **Motor Vehicle Transaction Recovery Fund:** At the September Board meeting, the Transaction Recovery Fund Committee and the Board considered one new claim filed against a Virginia dealer and reconsidered a determination made at the July meeting. After reviewing the facts and a report prepared by staff, the Committee voted to approve the claim in the amount of \$2,085.  
  
At the July meeting, the Board approved payment to a consumer in the amount of \$5,120. The attorney for the consumer provided the Board with additional information and requested that the Board revisit its decision as the attorney believed that the amount approved for payment should have been higher. After careful consideration the Board determined that its original decision was correct. The dealer will have 30 days to repay the Fund. Failure to repay the Fund will result in license revocation.
- **Record Keeping.** The Board conducted an informal fact finding conference for a Suffolk area dealership who was cited for repeated record keeping related violations. On-going problems cited included: failing to properly maintain records, failure to properly maintain odometer disclosure statements and failure to properly maintain records related to the use of temporary plates. After considering the evidence and reviewing the hearing officer's report, the Motor Vehicle Dealer Board determined that the dealer be assessed a civil penalty of \$750.
- **Maintaining Posted Hours.** The Dealer Board levied a \$250 civil penalty on a Haymarket dealer who was not maintaining posted hours. A Dealer Board field representative had made several attempts to visit the dealer during his posted hours; however, the dealership was not open on each occasion. The dealer requested an informal fact finding conference. After considering the evidence and reviewing the hearing officer's report, the Motor Vehicle Dealer Board determined the dealer be assessed a civil penalty of \$250.

## ACTIONS FROM THE SEPTEMBER BOARD MEETING

- **Dealer Plate Records.** The Board conducted an informal fact finding conference for a Haymarket dealership who was cited for misuse of dealer license plates, and for failing to properly maintain records related to the use of dealer license plates. After considering the evidence and reviewing the hearing officer's report, the Motor Vehicle Dealer Board determined the dealer be assessed a civil penalty of \$500.
- **Salesperson's Application.** The Board considered the report and recommendations as submitted by a hearing officer concerning an application for a salesperson's license. The applicant had been convicted, in 1996, of a felony related to the automobile sales business. The Board agreed with the hearing officer's recommendation and denied the application.
- **Branded Title.** The Dealer Board had an in-depth discussion on the branding of a motor vehicle title as "Salvage." At the conclusion of this discussion, the Board approved the following resolution:

WHEREAS, the Board has reviewed the issue of branding a motor vehicle title as a "Salvage" vehicle; and

WHEREAS, the Board believes that once a vehicle title is branded as "Salvage", that the brand must never be removed from the title for the protection of both consumers and dealers.

NOW THEREFORE, BE IT RESOLVED, that the Motor Vehicle Dealer Board supports amending the Code of Virginia to prevent the deletion of "Salvage" from any title branded as such;

NOW THEREFORE, BE IT RESOLVED, THAT the Motor Vehicle Dealer Board urges the Virginia Department of Motor Vehicles to also support amending the Code of Virginia as described herein.

## COMMITTEE MEETING SCHEDULE CHANGE

Please note on page 2 of this newsletter, that the committees have been re-arranged for the November meeting. The Finance committee will meet on MONDAY, November 13 at 3:00 p.m. so that long term planning can be discussed in more detail. The Personnel committee will meet on TUESDAY, November 14 at 8:30 a.m. Once again, this is only for the November meeting.



### **NEXT TASK FORCE MEETINGS**

The next two meetings of the Internet Task Force Committee, examining electronic commerce in the automobile dealer industry, will take place on October 18, 2000 in room 702 at 10:00 a.m. and on November 14, 2000 at 2:00 p.m. in room 702 at the Department of Motor Vehicles' Headquarters Building, 2300 W. Broad Street, Richmond, Virginia.



### **NEED A FORM?**

You can now get many of your dealer and salesperson forms directly from the MVDB Website at <http://mvdb.vipnet.org/home.html>. From the MVDB Website homepage, select the *Dealer/Salesperson* button. From the Dealer/Salesperson homepage, select the *Forms* button, and the list of available forms will appear. Just select the form(s) you need and print. (Adobe Acrobat Reader is required--but that's available free from our website too.) A few forms have been converted in size from vendor cards to 8-½ x11 pages. But that's the only difference--nothing else has changed.

## Parts Manufacturer to Locate in Wythe County

Another to Expand Operations in Chesapeake

Recently, Governor Jim Gilmore announced that Somic Ishikawa, a Japan-based company, will locate an automotive parts manufacturing facility in Wythe County.

Somic Ishikawa is a Japanese manufacturer of precision-machined components for the automotive suspension and steering market. It is a leading ball joint manufacturer for steering and suspension systems in passenger cars, trucks, recreational, industrial, agricultural, and small outdoor vehicles. The company supplies nearly all of Japan's vehicle manufactures, with Toyota Motor Corporation accounting for the majority of sales. The Wythe County facility will manufacture precision-machined components and support the company's business operations in the North American market.

The Governor also announced that Usui International (UIC), another Japan-based company, will expand its Chesapeake facility.

UIC supplies products such as diesel fuel lines, brake lines, cooling fans and fan drive clutches to its customers, which include Ford Motor Company, Cummins, John Deere, Detroit Diesel, and Subaru-Isuzu. The major product line manufactured in Chesapeake is diesel fuel lines, and soon to include brake line bundles and fuel line bundles.



**The Motor Vehicle Dealer Board Staff  
Wishes you and your family a**



# CURBSTONING REPORT

Since the last Dealer Board meeting, the Board's Field Representatives and DMV Special Agents have issued 235 curbstoning notice forms.

- At the July meeting, the Board discussed a case in Prince William County involving a DMV Special Agent who observed several vehicles for sale in the parking lot of a retail store. The Agent negotiated the sale of one of the vehicles. The individual presented a title, which was in another person's name. The individual was charged with selling vehicles without being properly licensed and having possession of a title not his own. During the court proceedings, the individual presented a DMV Power of Attorney form to the judge, which he argued gave him permission to sell the vehicle in question. The charges against the individual were dropped.
- A "repeat curbstoner" in Isle of Wight County, who continued selling vehicles after receiving notice from the Board that his actions were in violation of the Code, was charged and convicted of selling vehicles without being properly licensed. The individual admitted to selling approximately 15 vehicles last year, most of which he said he bought at auto auctions and then sold to "junk dealers". In addition, the DMV Special Agent observed 14 vehicles at the individual's residence on the date he was interviewed. He was fined \$200.
- A Board member reported to DMV that vehicles exhibiting the same telephone number were being displayed for sale at different locations throughout the city of Salem. DMV had already initiated an investigation and gathered evidence substantiating the activity. A Special Agent also determined the individual was selling the vehicles for substantially more than he paid for them, as well as buying and selling vehicles using his father's name. He admitted to purchasing 9 vehicles from a local independent dealer. In at least two instances, he then represented to the subsequent buyers that the vehicles were in good condition and were "one owner" vehicles previously belonging to family members. He was charged with selling vehicles without being properly licensed and two counts of obtaining money by false pretenses.

In a plea agreement, the individual pled guilty to curbstoning and was fined \$500. The other two charges were nolle prossed, conditioned upon him paying restitution to the current vehicle owners.

# CURBSTONING REPORT

- In Chesterfield County, a DMV Special Agent received a complaint alleging an individual failed to provide a title to the purchaser of a vehicle. The Agent corroborated the complainant's report, and also discovered the individual had never titled the vehicle in his name prior to selling it. Also, the Agent observed two questionable vehicles at the individual's residence. The "For Sale" vehicle was displaying stolen New Jersey license plates, and the second vehicle was displaying a transport tag registered to yet another vehicle. The independent motor vehicle dealer who issued the transport tag advised the Agent he had thrown the tag in the trash, and could not explain how the individual obtained possession of it. The individual was charged with (1) failing to apply for a title within 30 days; (2) failing to supply a title to purchaser at time of sale; and (3) displaying license plates on a vehicle knowing they were issued to another vehicle.
- **NOTE:** *To help prevent the improper use of paper tags in the future, the Board staff and DMV encourages you to note when a tag is VOID in your temporary tag log and destroy or permanently deface temporary license plates when they are no longer valid, rather than throwing them in the trash. Discarded tags, forms, mail and similar material, if left intact, is one of the easiest ways for criminals to obtain personal and financial information about you, your business and your customers.*

## MORE CURBSTONERS...

Once a year the Motor Vehicle Dealer Board requests that the Department of Motor Vehicles (DMV) do a special run across their registration and title file in an attempt to identify individuals who have titled and then sold a large number of cars.

This computer run was done recently, and as a result, we identified about 120 individuals who might be curbstoners. (Eight of these individuals sold 25 or more motor vehicles in 12 months!) Last year we identified nearly 150 individuals when we made the same computer run. Last year, we sent each of these 150 individuals, a letter and a listing of the cars they had sold over a 12-month period. The letter informed them of the licensing requirements to sell motor vehicles and warned them that future violations could lead to criminal prosecution.

Of the nearly 150 individuals to whom we sent a letter last year, thirteen appeared on this year's list. The files for these thirteen have been forwarded to DMV for further investigation. The remaining individuals identified on this year's computer run, will receive the education/warning letter.

## WELCOME NEW DEALERS!

The Motor Vehicle Dealer Board formally welcomes the following new dealers for July & August! 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>JULY</b>	
Nates Auto Sales 1726 Valley Avenue Winchester, Virginia 22601	Accomack Motors 6414 Lankford Highway New Church, Virginia 23415
Truck City 946A East Wythe Street Petersburg, Virginia 23803	B & G Motors 7211 Lee Highway Radford, Virginia 24141
The Car Source, Inc. 3212 Lee Highway Arlington, Virginia 22207	Kev's Auto Sales 1607 Virginia Avenue Bluefield, Virginia 24605
Greenleaf Auto, Inc. 2024 Campostella Road Chesapeake, Virginia 23324	J & J Auto Sales 30542 Lankford Highway Keller, Virginia 23401
J C Body Shop 1136 East Market Street Charlottesville, Virginia 22901	Ricks Auto Sales, LLC 612 West Main Street/P.O. Box 3654 Wise, Virginia 24293
Reynolds Garage, Inc. 135 Ottoman Ferry Road Lancaster, Virginia 22503	Autos By Choice 5306 Jefferson Davis Highway Fredericksburg, Virginia 22408
Warrenton Highline 241 East Shirley Avenue Warrenton, Virginia 20186	Truck Enterprises Volvo, Inc. 1616 Granby Street, N.E. Roanoke, Virginia 24012
Advantage Auto Sales 841 Chicago Avenue Harrisonburg, Virginia 22802	Minuteman Auto Sales 317 Boulevard Colonial Heights, Virginia 23834
Stamper & Stamper Route 19 East Lebanon, Virginia 24266	V & A Auto Sales 2429 John Wayland Highway #1 Harrisonburg, Virginia 22801
Crown International, Inc. 11430 Balls Ford Road Manassas, Virginia 20109	Bosque Enterprises, Inc. 1729 Lee Highway Marion, Virginia 24354
Car Vision of Virginia 3204B Mechanicsville Pike Richmond, Virginia 23223	

## AUGUST

Streetsmart Cars, Inc. 3425 Jefferson Davis Highway Fredericksburg, Virginia 22401	Woodbridge Suzuki 15610 Jefferson Davis Highway Woodbridge, Virginia 22191
Hall Nissan-Newport News 12925 Jefferson Avenue Newport News, Virginia 23608	Diamond Kar Kare 3013 Airline Boulevard, #B Portsmouth, Virginia 23701
Newton's Auto Sales, Inc. 2010 E. Washington Street Petersburg, Virginia 23803	Wright's Auto Sales 15055 Tidewater Trail Tappahannock, Virginia 22560
Auto Express 1579 Sewells Point Road Norfolk, Virginia 23502	Greenbrier Truck Center, Inc. 1366 S. Military Highway Chesapeake, Virginia 23320
Group 3 Automotive, Inc. 760 East Main Street Purcellville, Virginia 20132	Duncan Autonet-Salem 1830 West Main Street Salem, Virginia 24153
Fairview Auto Sales 3801 Old Forest Road Lynchburg, Virginia 24502	Sloans Auto Sales 1355 Fishburn Mountain Road Rocky Mount, Virginia 24151
Farmer Motorcars 113 Pegram Lane Fredericksburg, Virginia 22408	Patriot Auto & Truck Sales, Inc. 3300 Hull Street Road Richmond, Virginia 23224
Herman's Motor Sales 2527 Main Street Hurt, Virginia 24563	



### MORE TIPS AND REMINDERS

**Check Your Renewal Packages.** When you receive your license renewal packages from the Board, please check them carefully. Be sure that there is a preprinted application card in the package for each and every salesperson in your employ. Check for salespeople you have recently hired. If you are missing any applications, contact the Board right away. Also, remind your sales staff to carefully read and answer every question on the application.

**Do you Photocopy your customer's Driver's License?** Members of VADA and VIADA and other dealers who have permission from DMV to photocopy the driver's license of their customers are strongly encouraged to make sure the customer fully understands how the dealership plans to use the photocopy.

# **ATTENTION ALL DEALERS:**

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