

# Winter

WISCONSIN DEPARTMENT OF TRANSPORTATION

## PLAIN DEALING WINTER 2009

A policy and administrative bulletin for licensed dealers from the Dealer and Agent Section of the WisDOT Division of Motor Vehicles

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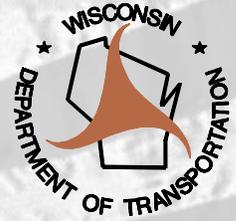
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Plain Dealing is published quarterly by the Wisconsin Department of Transportation, Division of Motor Vehicles, Bureau of Vehicle Services, Dealer and Agent Section.  
 Lynne Judd, Administrator  
 Anna Biermeier, Director  
 Chuck Supple, Section Chief  
*We welcome your questions and comments.*

Contact Nancy Passehl, Editor, Plain Dealing, DOT Dealer and Agent Section, P.O. Box 7909, Madison, WI 53707-7909, (608) 266-1425, fax (608) 267-0323;  
 email: [dealers.dmv@dot.state.wi.us](mailto:dealers.dmv@dot.state.wi.us)

“Nothing astonishes men so much as common sense and plain dealing.”

R.W. Emerson



### Tough times for dealerships

**Times are tough in the car business.** Many dealers have told us that they’re in the midst of the “perfect storm,” as a recession, the credit crunch and other factors have conspired to reduce demand for both new and used cars.

One regrettable side effect of this situation is that some dealers, looking for any way to remain afloat, have turned to fraudulent and, sometimes, criminal schemes to generate cashflow. In the end, these dealers have gone out of business, leaving a trail of harmed consumers, angry banks and floorplanners, and occasionally, criminal inquiries. The number of investigations of criminal conduct at dealerships by WisDOT’s Dealer and Agent Section climbed from one in 2007 to five in 2008. This doesn’t count more than a dozen cases of dealership collapses, which WisDOT handles as non-criminal matters, where scores of consumers were left with no titles to their vehicles.

It is likely that there will be more dealers closing their doors if the economy does not show some improvement in the coming months. Dealer and Agent Section staff have identified a few leading indicators of a dealership running into trouble.

- « **The dealership is not paying off its floorplanned cars.** If revenues from the sale of used cars must be used just to pay current operating expenses, the dealership is probably in trouble. Our experience shows that dealers in this boat end up falling further and further behind, until they end up out of trust.
- « **The dealership is not paying off consumer trade-ins.** WisDOT has seen several variants of this, including one instance in which the dealer was simply applying a store-bought “Lien Satisfied” stamp to the trade-in titles and reselling the vehicles to unsuspecting consumers.
- « **The dealership is a fixture on the late title report.** If the dealer investigator is visiting more frequently because there are old transactions in pending status, it’s a pretty solid bet that this is because the cars aren’t paid for, and there are no titles to transfer.
- « **The dealership is bouncing checks / ACH payments to WisDOT.**
- « **The dealership’s bond or irrevocable letter of credit (ILOC) is not being renewed.** Or if it is renewable, the premiums are much higher in order to meet the underwriter’s requirements.
- « **The dealership’s license is expired and credentials are not returned.**

Whether you’re at the threshold, or if you’re already in trouble, WisDOT’s Dealer and Agent Section is ready to help. Self-reporting and full cooperation are viewed very positively by the Dealer and Agent Section and will help us to ensure that your consumers receive the care they deserve. We hope that none of you has to make that call. But if you need assistance please contact the dealer hotline for administrative assistance 608-266-1425 or your dealer investigator for assistance.

# Auto advertising program Internet guidelines

## Auto Advertising Standards Program Auto Advertising Internet Guidelines

More and more dealers are concentrating their advertising resources toward the Internet. Below are some simple guidelines to keep in mind and follow when putting together your Internet promotions.

### Internet ads:

- « Dealer Name - Per Trans 139.03(11), all advertisements shall include the business name. In an Internet ad, the dealer name should be on the face of the ad or the name can appear when the cursor is rolled over the ad.
- « All Internet ads must comply with the advertising rules and regulations put forth by the state of Wisconsin and the Federal Trade Commission. All advertising, whether it's newspaper, print, TV, radio and/or Internet, must include the necessary terms and requirements.

### Lease advertising: (Regulation M)

1) If a monthly "lease" payment amount is stated in an Internet ad, the required terms must not be more than one-click away.

If terms are not shown on the same page but one-click away, the ad must clearly direct the consumer to the appropriate page. Example "click here for terms."

2) All lease triggered terms stated in an Internet ad must be on a page not more than one-click away from the initial advertisement and written not more prominently than "Total Due on Delivery."

3) In all advertising, any amount used to reduce the capitalized cost of a vehicle to get to the advertised payment amount is to be included in "Total Due on Delivery." This includes all rebates.

4) All Internet ads which require further disclosure of terms must state the terms on the same page, using reference symbols if necessary, or clearly direct the consumer to the appropriate page. Example "click here for terms."

### Purchase Advertising: (Regulation Z)

1) If a monthly "buy" payment amount is stated in an Internet ad, the required terms must not be more than one-click away.

- If terms are not shown on the same page but one-click away, the ad must clearly direct the consumer to the appropriate page. Example "click here for terms."

2) All Internet ads which require further disclosure of terms must state the terms on the same page, using reference symbols if necessary, or clearly direct the consumer to the appropriate page. Ex. "Click here for terms."

### MPG (Miles Per Gallon) advertising

« If advertising the MPG of a vehicle, the source of the MPG claim must be stated in the ad. The most common source is the EPA and the disclaimer should read "Per EPA estimates." Also, it must be noted whether you're quoting HIGHWAY or CITY miles.

« If quoting the "Expected range for most drivers" both the high and the low end of the range must be quoted and the ad must state the MPG's are the "Expected range for most drivers."

« All Internet ads which require further disclosure of terms must state the terms on the same page, using reference symbols if necessary, or clearly direct the consumer to the appropriate page. Example "click here for terms."

Reprinted in courtesy of the Auto Advertising Monitoring Project Center for Consumer Affairs



# Dealer Ed\_101



## City of Milwaukee wheel tax

The City of Milwaukee passed a \$20 wheel tax. Beginning December 1, 2008, vehicles kept in the city of Milwaukee are subject to a \$20 wheel tax at the time a vehicle is first registered and at the time of registration renewal.

Wheel tax applies to automobiles and motor trucks registered at a gross weight of not more than 8,000 pounds.

## New Clark County sales tax

Effective January 1, 2009, Clark County will collect one-half percent (0.5%) county sales and use tax on vehicles customarily kept in Clark County, to include vehicles purchased on or after January 1, 2009.

For a full listing of Wisconsin county sales and use tax rates, visit the Department of Revenue Web site at: [www.revenue.wi.gov/ise/sales](http://www.revenue.wi.gov/ise/sales)

## Dealers may give fleet buyers and leasing companies their title applications

Although Wisconsin law requires dealers to submit title applications electronically to DMV immediately following the sale or transfer of a vehicle, we have sometimes made exceptions in cases where this requirement creates serious hardships for certain purchasers such as fleet owners and vehicle leasing companies. For these buyers only, WisDOT's policy has been to permit dealers to deliver title and registration applications directly to the purchaser, provided the dealers are sure that the buyer will promptly file the applications with DMV. Dealers should note, that in all cases they are responsible for each vehicle's title and registration application being filed with the division within seven business days after the date of sale. Delivering applications to the buyer does not relieve dealers of that responsibility. When title and registration applications are given to the purchaser, we recommend that the following statement be written on all copies of the purchase contract:



« Upon the purchaser's request, title and application documents were delivered to purchaser at the time the vehicle was delivered.

For further information, please call our dealer hotline at 608-266-1425.

## Online lien verification

Last issue, we told you about e-MV lien agent, our pilot program where lenders have the ability to add and release liens online which saves both time and money. We asked you to pass this information on to your financial institution because this could mean a faster turn-around on your lien releases. For more information on e-MV agent, visit: <http://www.dot.wisconsin.gov/business/dealers/emvagent> or call our Customer Service hotline at 608-266-1425.

WisDOT has an additional free innovative lien verification program that will be of interest to your lien holders. This program is the *online lien holder inquiry program* which allows the lien holder to verify their lien is listed on the WisDOT system. To sign up, your financial institutions should visit <http://on.dot.wi.gov/applicationdoc/lien.index.htm> For additional information about purchasing vehicle records, please call 608-266-3666.

## Coming soon — new credentials !

New dealer license credentials will be issued in 2009. The credential below will be the replacement for the standard yellow and/or white credential that retail, wholesale, salvage, recreational dealers, manufacturers and distributors have received in the past years. The credential on page 5 is the new combined individual credential. You will no longer receive individual licenses for salesperson, buyers, bids and representative licenses. Each dealership will still receive the individual license for each licensed employee. The dealership will receive a letter with the same verbiage as shown on page 5. The licensee on page 5 holds endorsements for a salesperson, bid and buyer's license. If you have questions regarding our new licenses contact our dealer hotline at 608-266-1425.



STATE OF WISCONSIN  
DEPARTMENT OF TRANSPORTATION  
DIVISION OF MOTOR VEHICLES



MOTOR VEHICLE DEALER - RECREATIONAL VEHICLE DEALER  
SALES FINANCE - MANUFACTURER - DISTRIBUTOR  
LICENSE CERTIFICATE

The person, firm or corporation whose name appears on this license has complied with the requirements of Wisconsin statutes and is hereby licensed to engage in business as a motor vehicle dealer or sales finance company and / or as a motor vehicle dealer, recreational vehicle dealer, manufacturer, or distributor to sell, manufacture or distribute the makes of vehicles printed below.

**This license and your license plates cannot be assigned or transferred.**

If there is a change of ownership or if licensee discontinues business at this location this certificate and all dealer's license plates of the number shown hereon must be returned immediately for cancellation.

LICENSE NUMBER  
1234567 A-U

ISSUED  
11/21/08

EXPIRES  
11/30/10

BRANCH / SUBLOT

MAKES  
LINC MERC FORD

PASSEHLS AUTO SALES, INC  
4802 SHEBOYGAN AVE  
MADISON WI 53705

MV1045 10/2008

POST IN A CONSPICUOUS PLACE

### Ford/BBB Auto Line program certified for Lemon Law as of October 1, 2008

The Ford/BBB Auto Line program has been certified by Wisconsin as meeting the requirements of Trans 143, which ensures that consumers are given accurate notice and information of their rights under our Lemon Law. This means a consumer who buys or leases a Ford Motor Co. vehicle October 1, 2008 or after, must use this arbitration program before being eligible to file a lawsuit. Non-certified programs are voluntary for the consumer. A consumer does not have to accept a decision made by the arbitrator, but it's binding upon the manufacturer. For information, see: <http://www.dot.wisconsin.gov/safety/consumer/rights/lemonlaw.htm>

## Here is your Wisconsin Motor Vehicle Business Individual Credential

You, as cardholder, are authorized for only the dealer or firm named on this license.

Upon termination of employment, return this license to the dealer or firm named. This dealer or firm shall then return the license to the Wisconsin Department of Transportation, Division of Motor Vehicles for cancellation or transfer.

Buyers - Authorized to bid on and purchase motor vehicles being offered for sale by a motor vehicle wholesale auction or dealer as a representative only of the dealer or firm named on this license.

Bid Card Holders - Authorized to bid on and purchase motor vehicles being held and offered for sale by a motor vehicle salvage pool as a representative only of the dealer or firm named on this license.

Cardholder Name: WILLIAM A SMITH

License Endorsement : SLS

License Endorsement : BID

License Endorsement : BUY

Separate/Peel card from this form

WISCONSIN MV BUSINESS INDIVIDUAL CREDENTIAL						
t559 3/2005 Division of Motor Vehicles Ch. 218 Wis. Stats.						
Photo ID Number:			Endorsements:			
S1234567899909			SLS BID BUY			
Licensee Name and Residence Address						
WILLIAM A SMITH						
123 MAIN ST						
MADISON		WI	53704			
Sex	Eyes	Hair	Weight	Height	Birth Date	
M	BL	BR	215	602	9/13/1961	
Signature						
Dealer License Number 99999			Expires: 11/30/2010			
Employer/Dealer Name:						
PASSEHLS AUTO SALES						

## Question and Answer

### Question:

When a vehicle is owned by a dealership but not yet been inspected and conditioned for resale, can a dealer plate be used on it?

### Answer:

Yes, but only for transit to the dealership and for driving the vehicle while it is being conditioned for resale.

### Note:

Dealers may use dealer plates on used vehicles they own and are offering for sale—but only after the inspection is done and the Wisconsin Buyers Guide is displayed.

### DOT Enforcement Actions

Lenz Sales & Service – Fond du Lac: Issued a Special Order for selling vehicles that it was not franchised for, for failing to execute a purchase contract upon accepting a down payment, and for improperly advertising lease vehicles.

Mortenson, James (dba Mortensen Auto) – Trego: Application for a salvage dealership license was denied due to non-compliance with DNR refrigerant recovery requirements.

Reilly, Duane (former owner Americar LLC) – Coloma: Application for a buyer's license was denied due to outstanding registration fees owed to the Department by the party's former dealership.

### DOT Criminal Actions

Marks, Chris – Manitowoc: Charged in Waukesha County with odometer tampering. Pled no contest and was assessed a \$1993 fine.

Gilbertson, Terry – Holmen: Was found liable in small claims court for damages caused while acting as an unlicensed motor vehicle dealer, and was ordered to pay \$2849 in damages and court costs to a purchaser of a motor vehicle.

### DOT Citations

Gilbertson, Terry – Holmen: Pled not-guilty to a citation for acting as a motor vehicle dealer without a license. Found guilty by a trial judge and was assessed a \$753 forfeiture.

Janowski, Nicole (former co-owner of Harmony Motor Sports) – Burlington: Pled no contest to one citation for failing to submit an application for title to the department within seven business days and was assessed a \$186 forfeiture.

Grafft, Jim (dba Stateline Recycling Corp) – Janesville: Pled no contest to seven citations for failing to submit junk titles to the department and was assessed \$1,125.60 in forfeitures.

Macsurak, Steve (former owner of Milwaukee Boss Hoss) – Waukesha: Found guilty by default judgment on three citations for failing to submit an application for title to the department within seven business days and was assessed \$558 in forfeitures.

Janowski, John (former co-owner of Harmony Motor Sports) – Burlington: Pled no contest to one citation for failing to return dealer registration upon business cessation and was assessed a \$274.50 forfeiture.

### Processing reminder

You may accept either a driver license number or a Social Security number from a customer when processing a customer's title application electronically or when submitting a paper MV11 to WisDOT. A driver license number is acceptable in lieu of the Social Security number.