Plain Dealing

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

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

R. W. Emerson

Jimmy Carter once said, "A simple and proper function of government is just to make it easy for us to do good and difficult for us to do wrong." We hope that *Plain Dealing* helps make it easier for you to "do good." Check out "The Right Way" in this issue for information on amending your dealer license.

Congratulations to Loyal Ford Mercury of New Holstein and Strelow Auto Sales, Inc. of Elroy, third and fourth quarter of 1998 winners of Dealer Section's "Right Way" dealer award. See page 3 for the details. First and second quarter of 1999 winners will be announced in the next issue of *Plain Dealing*.

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Roger Cross, administrator
Martha Gertsch, director
Chuck Supple, section chief

We welcome your questions and comments. Address correspondence to Vikki VanDeventer, editor, Plain Dealing, DOT Dealer Section, P.O. Box 7909, Madison, WI 53707-7909, FAX to (608) 267-0323 or e-mail us at dealers.dmv@dot.state.wi.us

Consumers make "Wise Buys" from participating dealers

by Mary Kay Dodge

Wise Buys is the consumer education program that began with ideas generated at a meeting of the Wisconsin Automobile and Truck Dealers Association's (WATDA) DMV advisory committee with Dealer Section staff. In 1992, the National Automobile Dealers Association (NADA) suggested a "Car Buyers Bill of Rights." DMV came up with a list of these rights and brought them to the committee who told us they sounded too negative. It sounded like customers were in danger when they entered a dealership. So, we went back to the drawing board and did some research.

We found that we did not get complaints against 80% of Wisconsin's dealers. About 5% of the dealers generated 80% of our complaints. We changed our perspective and proposed instead that the program emphasize the benefits of buying from a licensed dealer. The result is a program that carries a positive tone. As a partnership effort between WATDA and the Dealer Section, Wise Buys was born.

Wise Buys "Car Buyer's Guide" tells consumers how they are protected by the state's motor vehicle trade practices rules and what they can expect from dealers. In plain language, consumers learn important things they should know before they buy a car, instead of after they're unhappy with a purchase.

Wisconsin is the first state to develop this kind of program in which the dealers themselves display and distribute educational material to their customers. Some states have educational materials and the dealers contribute to the cost, but the materials are distributed by the government agency.

"It's a win-win program. Everyone wins when customers make informed and satisfying purchases."

— Gary Williams, president of WATDA

"Educated buyers make better customers."

— Jim Smart, Smart Motors, Madison

Today we have over 700 dealers participating in Wise Buys and are trying to spread the word to the 3,000 new and used car dealers in Wisconsin. We are visiting dealers to see how the program is working for them and to hear ideas for improvements. We are inserting brochures and applications in all retail renewal packets. WATDA will be including brochures and applications with their forms orders. And, we are doing press releases and radio actualities to spread the word to consumers and dealers. We want to hear from you!

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The Right Way

New vehicle sales require franchise

You're a Buick dealer and a previous customer asks if you can get them a deal on a new Ford truck. A Ford dealer is willing to wholesale you the new truck, still on its Manufacturer's Certificate of Origin. Can you make the sale?

The answer to the above question is a resounding "No." Selling a new vehicle for which you aren't franchised is grounds to deny, suspend or revoke your dealer license under Wisconsin Statute section 218.01 (3) (a) 27.

Even if you were to title the truck in your dealership's name, you can't sell it. A vehicle that's been titled to a motor vehicle manufacturer, final stage manufacturer, converter, distributor, wholesaler, dealer, fleet owner, or lease or rental company is *not* considered to have been privately titled. You also need to consider registration for the truck. Dealers aren't allowed to apply for "title only" in the dealership's name. You'd need to tile and register the truck with regular license plates.

In order to sell vehicles for which you aren't franchised, follow these guidelines – the vehicle must be "used." For franchise purposes, a vehicle is considered new unless it's been privately titled, or if not privately titled, it's still new according to the Wisconsin Administrative Code Chapter Trans 137.03 until:

- It's been driven more than 6,000 miles, or
- It's been driven more than 4,000 miles and owned for more than 120 days by the licensee offering it for sale, or
- It's of a previous model year (a 1999 vehicle is no longer new after December 31, 1999).
- A vehicle is also no longer new if it's been damaged in transit and acquired by the motor carrier from the manufacturer because of a liability agreement.

Bottom line: don't sell new vehicles unless you have a franchise for that make.

Longest-running title clerk?

Larry Patterson (age 91) has served as title clerk for Roen Ford in River Falls for the past 29 years. Mr. Patterson started the dealership in the 1930s and sold it to Mr. Roen in 1970. He's continued at the dealership ever since.

Keep your license current

Take a close look at the dealer license certificate that hangs on your wall. It says, "This license and your license plates cannot be assigned or transferred." That means if your dealership relocates or there is a change in ownership, you need to apply for a new license.

We sometimes don't learn that a dealership has moved until a piece of mail (like *Plain Dealing* or your license renewal) is returned to us as undeliverable. If we believe a dealership is no longer operating at its licensed location, we send an "out-of-business" letter to the owner(s)' residence address. If we don't receive a response to the letter within the ten-day time frame for reply, the dealer license is canceled and plates are reported lost or stolen.

A change of ownership requires a complete original application. Change of ownership includes:

- changing type of ownership (e.g. from sole proprietor to corporation, or from corporation to LLC)
- adding or deleting a partner
- adding someone to a corporation who owns 10% or more stock in the corporation.

If you're operating at a location other than the one printed on your license or contemplating an ownership change, don't wait until we send you an "out-of-business" letter. Call us at (608) 266-1425 for new forms and instructions on how to complete them.

Appraisal Fee

Nothing in Wisconsin law prohibits dealers from charging an appraisal fee when taking a vehicle in trade from a customer or buying outright from a private party.

If you choose to charge for appraising a vehicle, keep in mind:

- The fee is sales taxable and should be entered on line 6 "Other" on the motor vehicle purchase contract disclosed as "appraisal fee."
- This isn't a "processing" or "DOC" (documentation) fee and shouldn't be referred to as such. "Processing" fees are specifically prohibited by the Wisconsin Administrative Code Chapter Trans 139.05(8). The only time it's permissible to charge the customer a fee for a dealer's service in processing paperwork is the $17.50 "Electronic Title/Plate Filing Fee" in connection with the CVR (Computerized Vehicle Registration) or VINnet on-site registration programs.

And the winners are . . .

The Right Way Dealer Award was presented to Loyal Ford Mercury of New Holstein for the third quarter of 1998, and to Strelow Auto Sales, Inc. of Elroy for the fourth quarter of 1998.

Third Quarter 1998

The Loyal Ford Mercury staff, pictured below with DMV administrator, Roger Cross, was nominated by field investigator, Steven Reid for:

★ Having all paperwork submitted on time and consistent record-keeping – Buyers Guides are always displayed.

★ Excellent record on consumer complaints. The last complaint we received was filed by the dealership itself on behalf of a customer when they discovered a lemon law buyback hadn't been disclosed to them.

★ Supporting WisDOT efforts by participating as a Wise Buys dealer and keeping up with changes by attending WATDA training seminars.

★ Having a great attitude and always being willing to go the extra step, even with difficult customers.

★ Community involvement – sponsors an annual Ford car show and picnic on the dealership property.

The award was presented at Loyal Ford Mercury by DMV administrator, Roger Cross. Also on hand were Chuck Supple (section chief of the Dealer Section), Phil Alioto (field investigation supervisor) and Investigator Steven Reid.

Fourth Quarter 1998

The fourth quarter winner for 1998, Strelow Auto Sales, Inc. of Elroy was nominated by Field Investigator Mike Falk for:

★ Submitting all paperwork on time and excellent record-keeping. At a recent inspection, Mike Falk reports everything was perfect.

★ Having only three consumer complaints in all their years in business. None were the result of a violation on the dealership's part.

★ Having a well-maintained dealership facility that meets all requirements.

★ Community service – for example, giving odd jobs to a longtime Elroy resident in need of help, enabling him to support himself.

DMV Administrator Roger Cross presented the Right Way award to Jim Strelow at the dealership. Also on hand were Chuck Supple (section chief of the Dealer Section) and Investigator Mike Falk.

The Right Way Award is presented quarterly to recognize dealers who set an example for other dealers of the right way to do business in Wisconsin. The winners are selected by a team of Dealer Section staff from nominations made by their co-workers. Any new or used auto/truck or motorcycle dealer, wholesaler or salvage dealer can be nominated based on criteria such as:

- Good record-keeping
- Few consumer complaints
- Rapid complaint settlement
- Good attitude
- Partnership involvement with DMV
- Community volunteer work.

See the next issue of *Plain Dealing* for the winners of the Right Way Award for the first and second quarters of 1999.

News

Gift of Wheels program launched

The Fond du Lac Gift of Wheels (GOW) recently launched its program of public and private agencies (including WisDOT) working together to provide cars to low-income and disabled individuals to help them get or maintain jobs.

Here's how the program works:

- Cars are donated to GOW (the donor qualifies for a tax credit and fills a community need).
- The cars are inspected to determine needed repairs.
- The cars are repaired by inmates of Fox Lake Correctional Institution who receive community service credit for the work.
- Eligible low-income and disabled individuals purchase the cars for the cost of repairs plus a small administrative fee.
- Car buyers must attend a workshop on car ownership and maintenance, and must pay for insurance and upkeep.

Donations are taken in and cars matched with recipients by The Arc of Fond du Lac, Inc., a licensed motor vehicle dealer. For more information, call Fond du Lac Gift of Wheels at (920) 929-2924.

A license to "Celebrate Children"

A new license plate is available for Wisconsin motorists who want to show their support for the state's children. A portion of license plate sales will be invested in the Children's Trust Fund, which funds programs aimed at the prevention of child abuse and neglect.

The plates feature a colorful "kindred spirit" design adapted from original artwork created for the Children's Trust Fund. Regular or personalized plates are available for automobiles, motor homes and light trucks.

Celebrate Children plates cost $15 when first issued, plus an annual $20 tax-deductible donation to the Children's Trust Fund, and the usual registration fee. Personalized plates cost an additional $15 annually.

If you'd like a colorful poster to display at your dealership and a supply of Celebrate Children plate order forms, call DMV's Special Plates Unit at (608) 266-3041.

Reminder

As of December 31, 1998, Sesquicentennial license plates are no longer available.

Green Lake, Taylor Counties to collect county sales tax

Starting July 1, 1999, Green Lake and Taylor Counties will begin collecting a ½% county sales tax.

Because county taxes are use taxes, the location where a vehicle is "customarily kept" determines whether it is subject to the tax, regardless of where it was purchased. All motor vehicles, trailers and semi-trailers are subject to the tax. If you'd like a list of local taxes for all Wisconsin counties, call Dealer Section's Customer Service Unit at (608) 266-1425.

E-mail your questions to Dealer Section

You can now reach DMV's Dealer Section by electronic mail. Our address is: dealers.dmv@dot.state.wi.us. Your question will be routed to the appropriate person and you'll have a reply within two business days.

Tribal license plate update

The Oneida tribe experienced a delay in getting its vehicle registration program under way, but are now ready. Applications for title and registration for customers who are eligible for Oneida tribal registration should be mailed to:

Oneida Tribe of Indians of Wisconsin
Compliance Division
3759 W. Mason St.
Oneida, WI 54155
(920) 496-7897 or fax (920) 496-7893
Contact: Tonya L. Smith, Licensing Coordinator

The tribal office issues the plates and forwards the application to WisDOT with a registration card so a title can be issued. They will also issue temporary plates to members applying for personalized plates and disabled ID cards for those members who qualify.

Increased durability for temporary plates

In response to both dealer and customer concerns about the cardboard temporary plates disintegrating after a wet period last fall, the plates' durability has been improved.

The plates are now varnished to reduce damage from water, the bolt hole size has been reduced to snug up the fastening, and a two-inch tape strip was added to the top back to make the bolt holes stronger.

If your customers' plates do get damaged or unreadable, give them a replacement temporary plate at no charge and validate it for the same 90-day period as the original.

Policy Briefings

Titling rebuilt vehicles

DMV has a detailed guide (covering cars and trucks) available explaining what needs to be done by rebuilders when combining chassis, body/cabs and cowls from more than one vehicle. This includes "body-over-frame" repairs and "clipping" of two vehicles. The guide doesn't include motorcycles.

The guide also provides some helpful reminders to rebuilders:

- Never change or remove a VIN or other vehicle identifier. It's illegal.
- Never buy a vehicle or parts with missing or damaged VINs, unless the seller gives you a police or insurance report explaining the damage. Otherwise, police could seize the vehicle or parts.
- If the public VIN is missing, tampered with, altered or obliterated, a WisVIN will need to be assigned.
- A windshield decal will be issued with every WisVIN that is assigned when the assigned number is placed on the door jamb.
- If you rebuild and sell vehicles to the public, you need a retail motor vehicle dealer license.
- If you rebuild and sell vehicles to licensed dealers, you need a wholesale license.
- If you dismantle vehicles and sell the parts, you need a motor vehicle salvage dealer license.
- If an odometer is repaired or replaced, it must be calibrated to read the chassis mileage or adjusted to read "zero," and written notice must be attached to the vehicle's doorpost.

To get a copy of the guide, call Dealer Section's Customer Service Unit at (608) 266-1425.

Wise Buys

Continued from page 1.

Jeffrey Hoffman of Elkhorn Motors, Elkhorn, believes in the program. He hands customers the brochure as he talks with them about a purchase. He likes the brochures because "they explain from a perspective other than ours, what customers can expect from us." Jeffrey said, "We want customers to be happy, as well as informed, so we hand it [the brochure] out almost immediately."

When we explained the program to Mike Herbert, owner of Nicolet Auto Mall in Appleton, he was very excited. He said, "This really makes sense. It tells people their rights. Why wouldn't everyone want to participate?"

One thing we learned from on-site surveys is that some representatives of Wise Buys dealerships didn't even know they were registered in the program. This is probably the result of the demands of the trade and the high turnover in staff. Our challenge is to keep dealers excited and active in the program.

May we suggest that you assign the Wise Buys program in your dealership to one of your staff. That person would be responsible for the displays and materials. He or she could be our contact for exchanging information and ordering supplies. You would have your own in-house Wise Buys expert!

Charles Rabideau of House of Ryan in Green Bay likes the program because it indicates to customers that they should make sure before they buy. He said, "The public is a lot more educated about car buying these days. Any information you can give customers to make a more educated decision is good for everyone." He explained that every salesperson at House of Ryan has Wise Buys brochures on their desks and they give one to every customer to read before they start to negotiate. Rabideau said he can't understand why every legitimate car dealer isn't a Wise Buys dealer.

Participation in the program not only educates your customers before they buy, it increases your credibility, because consumers now know what they can expect from you. This can only serve to improve the image of dealers.

It doesn't have to stop here. We will be looking at some new ways to educate consumers, such as periodic tips for consumers on the DMV web page, press releases on the program, and a hand-out on how to bring a complaint to a dealer. We will work closely with WATDA on developing these ideas and welcome your input directly.

If you are ready to become a Wise Buys dealer, need more supplies, or have suggestions for the program, please call Mary Kay Dodge at (608) 266-1425.

Original Wise Buys Dealers

At a press conference held at Thorstad Chevrolet on July 20, 1993, DMV administrator, Roger Cross presented certificates to the state's first Wise Buys dealers:

Thorstad Chevrolet, Madison
Banes Auto Sales & Service, Beaver Dam
Chief Pontiac-GMC Sales, Bonduel
Collins Sorrentino GMC Truck, Green Bay
Dean's Chevrolet-Geo-Buick, Waupun
Dean's Dodge, Fond du Lac
Ellious Motors, Wisconsin Rapids
Hub Chrysler-Plymouth, Inc., West Allis
Lochner Motors, Inc., Prairie du Chien
Lomira Auto Sales & Service, Lomira
Russ Darrow, Inc., Madison
Trecek Chevrolet-Olds, Inc., Portage

Advertising Advice

Advertising pitfalls

A dealership by any other name . . .

We've recently seen a number of direct mail advertising promotions (both print and video tape) that appear to be something other than an ad for a dealership. For example, a video packaged in a slipcase with what look like official government agency seals, titled "Consumer Alert," which promotes an "American Surplus Event" to help reduce the national problem of surplus vehicles. The dealership name doesn't appear anywhere on the slipcase or the tape label, and it's at least one minute into the ad before the dealership name appears on the screen.

This type of ad is misleading. Consumers are led to believe that they will get vehicles at huge savings or assume some equity taking over a delinquent loan, when in fact, the dealership is just selling vehicles in their inventory.

The overall effect of an ad can be misleading even when individual statements, taken on their own, may be true. For example, referring to vehicles listed in an ad as "unclaimed vehicles" may be technically true in that they are still in the dealership's inventory and therefore are unclaimed. But in an ad titled "Notice of Public Sale" the implication is that these are abandoned vehicles being sold by a government agency.

Often, these misleading promotions are touted by out-of-state advertising agencies. The promotions may be legal in the state where they're located, but usually need some modifications to comply with Wisconsin law. Our advice is to contact us with any questions or to review an ad before you sign a contract with an agency. Call our Customer Service Unit at (608) 266-1425.

Ad review program launched

We're proud to announce a new advertising review program. Consumer Science interns from the University of Wisconsin - Madison are spot checking print, television, radio and direct mail ads.

Working under the direct supervision of our Consumer Specialists, the interns note any problems where the ads violate laws or rules. When a problem is found, the intern contacts the dealer principal or manager to explain the problem and how to correct it.

We treat this as an educational contact, our goal is to help dealers understand and work within the multitude of laws and rules covering advertising. The program also helps us track trends in advertising and suggests when we need to alert all dealers to a problem through an article in *Plain Dealing*.

Problems noted in ads during the first quarter of 1999 include:

- using the term "program car" to describe previous rental vehicles.
- using "triggering terms" in credit advertising without including all required disclosures.
- "was/is" price advertising – need to make sure the "was" price was offered for four weeks in the past 90 days.

This program also offers the service of previewing ads. Before running an ad, dealers can fax a draft to us at (608) 267-0323. We'll look it over and let the dealer know whether any changes are needed. Please allow three working days for a reply when using this service. Call us at (608) 266-1425 with any questions about the advertising contact program.

Citations Issued

Hedges, Robert dba Professional Car Brokers, Milwaukee – Failure to apply for title and unlicensed dealer sales.

Lomaak, Ernie, New Lisbon – Failure to apply for title and unlicensed dealer sales.

Quintana, Frank, Burlington – Failure to apply for title and unlicensed dealer sales.

Villalpondo, Juan dba Cars and Parts, Madison – Unlicensed dealer sales.

Paperwork Pointers

✎ To **reorder Wisconsin Temporary License Plates,** use the form that was shipped with your order. It has important information printed on it. Indicate the number of plates you need (in multiples of 10) and fax to (608) 266-1472. Allow two weeks for delivery.

✎ Reminder – **pick-up trucks** don't qualify for auto plates.

✎ **Log sheets for temporary plates** – It is vital that log sheets have complete information for all plates issued. In most cases the log sheet is the only record of who has possession of that plate. Law enforcement may need quick access to the information. DMV has records of which dealer or agent was issued the supply of plates, while you need to keep the record of the individuals to whom plates were issued. Keep your completed log sheets for five years just like any other records. You don't need to send them to us.

✎ The **seven-business day requirement** for submitting customers' title/registration applications means a *complete* application.

✎ The number of dealers providing on-site **electronic title/registration processing** through the APPS (Automated Processing Partnership) program has grown to 425 as of April 1, 1999. If you'd like information about becoming an APPS dealer and the CVR and VINnet vendors, call Bev Schwartz, APPS Program Manager, at (608) 267-5253.

Dealer Alert

➢ When one license plate is issued (including dealer plates and temporary plates) it must be attached to the rear of the vehicle, firmly and rigidly in a horizontal position and conspicuous place. **Don't display a plate inside a vehicle** (for instance tucked between the rear seat and the package shelf). Law enforcement will issue tickets for improper license plate display.

➢ Be careful about **writing on the front and back windows** of vehicles to advertise prices, etc. Test driving may be impossible (and illegal) if the critical area of the windshield is obscured.

➢ Remember, if you sell a vehicle with safety equipment defects disclosed on the Wisconsin Buyers Guide, be sure to write the following **warning language on the purchase contract**:
"WARNING! This vehicle cannot be legally operated on Wisconsin highways and may not be safe."

➢Be sure to complete the **"previously titled in"** section of the Wisconsin Buyers Guide. Look at the title in your possession and write the state that issued it on the guide or note "previously titled in (state)" on a Wisconsin title.

➢ Give **repair orders and invoices** to all customers who bring vehicles in for servicing, even if the work is being done free of charge or under warranty. The Wisconsin Administrative Code Chapter ATCP 132 requires it – and you may need it to establish what was done if there is a dispute later.

Free subscription offer

Can you think of colleagues in related motor vehicle fields (perhaps an out-of-state auction you attend) who might benefit from reading *Plain Dealing* – but aren't on our mailing list because DMV doesn't license them? Call Dealer Section's Customer Service unit at (608) 266-1425 with their names and addresses and we'll add them to the mailing list.

Criminal Actions

Boyer, Michael G., Racine – Two years probation and a fine of $540 was ordered for unlicensed dealer sales and failing to apply for title.

Koepcke, Robert L., Onalaska – This former owner of Hove's RV pled guilty to misdemeanor theft and felony theft for failing to pay a consignor. He was placed on probation for the first count, ordered to pay $5,0000 restitution and perform 25 hours of community service before the second count will be dismissed.

Pritchard, Jerry, Milwaukee – This applicant for a salesperson license pled guilty to one class E felony count of theft and three counts of acting as a motor vehicle dealer without a license. He was sentenced to three years probation and $11,000 restitution.

Dealer and Salesperson Actions

Alexander, Gordon, Tomah — Surrendered salesperson license and BID card for submitting false information about criminal convictions on applications for licenses.

Axel's Auto Sales, Milwaukee—A Special Order was issued revoking the dealer license for failing to submit title applications within seven business days and failing to record vehicles in the log book.

Cars and Parts, Madison—Dealer license was suspended for failing to maintain a surety bond or irrevocable letter of credit.

Cycle World, Ltd., New Berlin – A Special Order was issued for offering motorcycles for sale without valid titles.

Finch's Southside Lincoln Mercury, Inc., La Crosse — Paid a $2,556 civil forfeiture for selling four new vehicles without the appropriate franchise.

Lale, Glen, Waukesha—Salesperson license denied for submitting false information about criminal convictions and pending criminal charges.

Mann Motors, Inc., Cudahy – Dealer license was suspended for three days for unlicensed salesperson, conducting an off-premise sale, failure to properly inspect a vehicle offered for sale, and failure to submit an application for title within seven business days.

Scotty's Auto Sales, Waukesha – A Special Order was issued for falsifying the purchase price on an application for title and registration in order to reduce the sales tax for the customer.

Still, Benjamin dba Century Sales of Benton, Inc., Arkansas— BID card application denied for obtaining Arkansas titles with allegedly fraudulent documents.

Sullivan Enterprises, Muskego—A Special Order was issued for selling vehicles to retail customers under a wholesale dealer license and drafting false purchase contracts to conceal the retail selling.

Weiss, Carl J., West Bend—A Special Order was issued suspending his salesperson license for unlicensed dealer sales and offering a new vehicle for sale without a franchise.

Western Eagle Enterprises, Inc., Eagle – Dealer license was revoked for failing to record numerous vehicles in its log book and failing to send titles and bills of sale to DMV within 30 days of acquiring a vehicle.

Wis. Dept. of Transportation
Dealer Section
P.O. Box 7909, Room 806
Madison, WI 53707-7909