



# Plain Dealing

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

Vol. 4, No. 1-3

Spring-Fall 1994

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

R. W. Emerson

Calling all dealers! We need your help in stopping motor vehicle fraud. On the “front lines,” you are often the first ones to see problems developing. Call us at (608) 267-2137 with your tips on who is selling:

- odometer rollbacks
- “washed” salvage vehicles.

You can tip us off anonymously, if you wish.

Meanwhile, the big news is the new and very fashionable dealer plate style debuting in 1995—read the cover story for details. This issue is also packed with information on how to handle the most common changes to your license and tips on making paperwork easier. Hang on to it for future reference!

***In this issue:***

The Right Way .....2

News in Brief .....3

Policy Briefings .....4

Dealer Alert.....4

Paperwork Pointers.....5

Licensing Actions.....6

*Plain Dealing* is published quarterly by the Wisconsin Department of Transportation, Division of Motor Vehicles, Bureau of Vehicle Services, Dealer Section.

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

Address correspondence to Vikki VanDeventer, editor, Plain Dealing, DOT Dealer Section, P.O. Box 7909, Madison, WI 53707-7909 or FAX to (608) 267-0323.

## Renewal flash: new plates for 1995

A sprinkle of glitter, a dash of style — and we're proud to introduce the new dealer license plates for 1995! The plates feature dark forest green lettering on a reflective gold background. They'll be made to order with your next license renewal after January 1, 1995.

Because the plates are made-to-order, you'll receive your renewal application packet earlier than usual. Packets will be mailed a full 90 days before your current license expires. You'll see a “filing deadline” in the upper right corner of the renewal application to remind you that we need the paperwork back 60 days before your license will expire. For example, if your license expires January 31, 1995, your renewal packet will be mailed November 1, 1994, with a return deadline of December 1, 1994. This gives us the time needed to have the new plates made and shipped so you'll receive them before the old ones expire.

There is still a line on the renewal application form for reporting any lost or stolen plates. Be sure to let us know which of your plates are missing — so it won't come back to haunt you if someone is using one of your plates illegally. Of course, there's no replacement fee this time, because you're getting all new plates. Plate fees will stay at the current two-year license price of \$150 for the first two plates and \$10 for each additional plate.

### **Financial requirements change**

Renewing dealers will also notice a change in financial requirements. You now have a choice of filing a \$25,000 surety bond or a \$25,000 irrevocable letter of credit. The irrevocable letter of credit must use the format provided by WisDOT — you'll find a sample in your renewal packet. Your financial institution can either reproduce the format on their own letterhead or use it as is.

The same revision to the law that allows the option of the irrevocable letter of credit also reduces the amount of the bond or letter of credit to \$5,000 for dealers who sell motorcycles exclusively. If you have a combination dealership and hold both motorcycle and auto/truck dealer plates you must still file at the \$25,000 level.

If your surety bond contains the word “continuous” in the space marked “ending date,” you don't need to include any additional financial information with your renewal application. If the bond specifies an ending date, you'll need to include a new bond or continuation certificate that begins immediately after the ending date.

Wholesalers, recreational vehicle dealers and salvage dealers may still file financial statements with their renewal applications. The surety bond or irrevocable letter of credit is an option in those license categories, not a requirement. Nothing has changed for wholesale auctions — the \$25,000 surety bond is still their only option.

Call the Business Licensing Unit at (608) 266-1425 with any questions about your license renewal.

## The Right Way

### Details, Details—or “How do I . . .”

Your dealership is organized as a partnership. You and your partner are calling it quits—and you will now be the sole proprietor of the business. Does the dealer license automatically transfer to you?

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—and the answer to the above question is “no.”

Here are some of the most common situations and how handle them “the right way”:

#### Change of Location

- Complete an original application form including zoning and local permit approval signatures on the reverse side.
- Complete and sign Business Facilities Affidavit form MV2845.
- Include a copy of the lease for the new location, unless the dealership owns the property.
- If moving to a new municipality, fees are \$20 payable to Registration Fee Trust and (for auto/truck, MC or RV dealers) \$10 payable to the Office of the Commissioner of Banking. No fees are needed if you're staying in the same municipality.

#### Adding A Branch Or A Sublot

- A *branch* is a secondary location within the same municipality which has the facilities to operate independently from the main location.
- A *sublot* is a secondary location in the same municipality which lacks indoor display and service facilities. Only used vehicles may be sold from a sublot.
- Complete original application form listing branch or sublot address—be sure to include the zoning and local permit signatures on the reverse side.
- A lease for the branch or sublot location unless the dealership owns the property.
- If you'll be selling new vehicles from your branch location, you'll need a Manufacturers Certificate of Appointment form MV2131 listing the branch address for each make you sell.

- Fees payable to Registration Fee Trust are \$40 for a branch or \$2 for a sublot.

#### Change of Ownership

- Change of ownership includes:
  - changing *type* of ownership (e.g. from sole proprietor to corporation)
  - adding or deleting a partner
  - adding someone to a corporation who owns 10% or more stock in the corporation.
- A complete original application is required including 2-year fees. (If more than one year remains on the old license, we'll refund one year's fees.)

#### Adding a Franchise

- Submit a Manufacturers Certificate of Appointment form MV2131 signed by the manufacturer, listing your assigned area of sales responsibility.
- No fee is required, we'll reprint your license certificate listing the new make(s) you're authorized to sell.

#### Off-Premise Sales

Dealers may conduct sales at locations other than their licensed place of business by doing *all* of the following:

- Notify WisDOT in writing at least 10 days before the sale starts (FAX 608/267-0323 or write WisDOT - Dealer Section, P.O. Box 7909, Madison, WI 53707-7909).
- Provide consumers with written notice of their 3-Day Right to Cancel for all sales consummated away from the dealership.
- Remember, the ban on Sunday sales applies to off-premise sales, too. “Sale” means a salesperson is present—even if no purchase contract is signed. Non-sales personnel such as “greeters” handing out literature or security people may be present at a Sunday off-premise display.
- Limit off-premise sales activity to a maximum of six sales per year.
- No fees are charged for off-premise sales and we don't issue a special permit for them.

To request any of the forms listed in this article, please call the Business Licensing Unit at (608) 266-1425.

## News in Brief

### Dealer Section chief wins national customer service award

Chuck Supple, chief of DMV's Dealer Section, was presented with the first award for excellence in customer service by the American Association of Motor Vehicle Administrators. He received the award in June at the association's annual conference in South Dakota.

Chuck was recognized for his ability to balance groups with diverse and often competing needs, and his commitment to seeing that everyone who contacts the section is treated as a customer. In his acceptance speech, Chuck thanked his staff in the Dealer Section, "who strive to work as hard for our customers' successes as our own and who believe that you can regulate businesses and protect consumers and still treat both as customers."

### Vehicles with altered VINs may be seized

Law enforcement agencies can now seize entire vehicles or any part of a vehicle on which the identification number has been removed, altered or obliterated or made impossible to read. If the vehicle or part cannot be identified, it is presumed to be contraband. The vehicles are subject to forfeiture in the same manner as any property gained by committing a crime.

The law (effective December 25, 1993) also provides up to a \$5,000 fine, five years imprisonment or both, for anyone convicted of intentionally altering or obliterating a vehicle identification number.

### Changes considered for leased vehicle plate renewal process

In response to dealer concerns, a Division of Motor Vehicles (DMV) project team studied the registration renewal process for leased vehicles. Under current law, registration renewal notices for most leased vehicles are mailed to the owner of the vehicles. While license plates and stickers may be sent directly to the lessee, the renewal notice may not.

The DMV project team contacted leasing companies of all sizes doing business in Wisconsin to learn their preferences for handling renewals. The vast majority (81%) like the current system. Only a handful indicated they would like a change in the law to allow the DMV to mail renewal notices directly to the lessee.

Some lessors did say they would like to see more flexibility in Wisconsin's renewal process in order to address individual customer needs. Other companies, even though they favor the current system for their own needs, admit that their leasing customers would probably prefer receiving renewal notices directly from the DMV.

Although no immediate changes are planned, the project team's final report recommends future changes to give lessors more choices. Team members suggest that leasing companies have the option of telling the DMV where renewal notices should be sent. Some lessors may want to continue receiving the notices themselves, others may direct the notices to lessees, and some may opt for a combination—depending on each customer's preference.

This new option for leased vehicle owners will likely be adopted by the DMV as part of the ongoing effort to redesign its database and merge vehicle and driver records. Phase one of the redesign is scheduled to be completed by January, 1997.

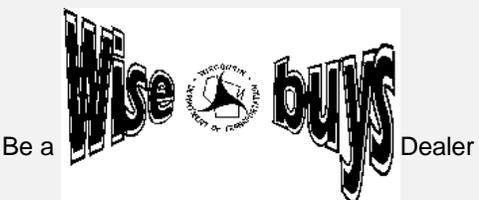
### Meet DAVE — Dealer Section's new phone system

"DAVE" is our newly improved computerized phone system—Dealer's Automated Voice Escort. He's now on duty to banish the busy signal and escort incoming calls to the right person. DAVE was designed in response to a survey of callers both outside and within WisDOT that showed us our customers value these services:

- Brief menus
- Quick access to a "live" representative
- The option to leave a message or hold
- 24-hour automated self-service recordings and mailings.

To use the system, call us at (608) 266-1425 and use your touch tone phone to choose which area you want to speak to: Business Licensing, Consumer Assistance or Title and Registration Information. During regular business hours (Monday–Friday, 7:45 a.m.–4:30 p.m.) you always have the option of speaking to one of our representatives. If all lines are busy, you'll be given the choice to hold for the next available representative or leave your name and phone number so we can call you back (and save you some long distance charges).

Give DAVE a call—he'll help you get the information you need faster and more efficiently than ever!



Help consumers learn about the laws that protect them when they buy from a licensed dealer.

Call the Business Licensing Unit at (608) 266-1425 to join the program and receive your free supply of brochures, signs and a certificate for participating.

---

## Policy Briefings

---

### Advertising trade-in allowances

A recent trend in advertising trade-in allowances is to tie the allowance to the *N.A.D.A. Official Used Car Guide*. For example, “receive \$2,000 over NADA loan value for your trade-in” or “receive the original Manufacturer's Suggested Retail Price (as listed in the current NADA guide) for your trade-in.”

These types of ads are misleading and prohibited under Wisconsin law. The law says when you advertise a trade-in allowance:

no specific price shall be stated in an advertisement as an offer for a trade-in, if the price so stated is contingent upon the condition, model, or age of the prospective purchaser's vehicle to be traded.

The problem with tying trade-in allowance to the NADA guide is that the values given are always contingent upon the model and age of the vehicle with further reductions calculated based on its condition.

Other problems arise when footnotes are added to clarify the ad. For instance, the ad saying trade-in customers will receive the original Manufacturer's Suggested Retail Price for their cars uses a footnote to explain that deductions will be made for damage, reconditioning and mileage. In other words, the customer will *not* receive the original MSRP so the ad is misleading.

An example of advertising a trade-in allowance that is acceptable is the “push, pull or drag” ad where any customer's trade-in is worth a given value regardless of its condition.

### Title branding update

A policy statement clarifying the “manufacturer buyback” brand is being sent to all manufacturers and distributors licensed to do business in Wisconsin. The policy explains that it is the manufacturer's responsibility to disclose whether or not a buyback meets Wisconsin's lemon law test (four unsuccessful attempts to repair the same

defect or 30 days out of service for one or more defects during the first 12 months) and therefore requires a title brand.

The policy further explains that manufacturers may make the disclosure using either the department's form or their own form if approved by the department. Manufacturers who take title to a buyback must get it titled in their name (unlike dealers, they aren't allowed to reassign titles). Dealers assisting manufacturers in the buyback process may reassign titles—being certain to keep the disclosure document with the title. If you'd like a copy of the complete policy statement call the Business Licensing Unit at (608) 266-1425.

New legislation added another title brand effective June 1, 1994. People who are subject to the seizure, equipping with an ignition interlock device or immobilization of their vehicles (due to a drunk driving conviction) are required to surrender the titles of any vehicles they own to the clerk of courts to have the following “brand” stamped on each title:

Per section 346.65(6) of the Wisconsin Statutes, ownership of this motor vehicle may not be transferred without prior court approval.

This information will also be entered in WisDOT's computers so that any time a title is produced (for example, the owner lost the title and requests a duplicate) the brand will be printed on it.

Two new title brands were also created by Act 165 (effective October 1, 1994) concerning hobbyist registration:

- *street modified* vehicles are titled as the original year and make, and are modified from original manufacturer's specifications, but still resemble the original vehicle.
- *replicas* are titled as the year and make of the vehicles they copy. (*continued on next page*)

---

## Dealer Alert

---

Dealers may not apply for “**title only**” in their name unless all the reassignment spaces of a conforming title have been filled. This prohibition does not apply if the dealer is also applying to license the vehicle, if the vehicle is a salvage vehicle, to correct title errors, or if the dealer is acting as agent for the titled owner by use of a conforming power of attorney. Dealers may, but are not required to, get title in their name when the current title is *nonconforming*.

**Heavy truck dealers** should be sure to check that a customer has a Commercial Drivers License (CDL) before allowing a test drive of a truck weighing more than 26,000 pounds.

Which vehicles must pass **salvage inspections** before being able to get a title and plates?

- All vehicles (regardless of age) that have a Wisconsin Salvage Title.
- All vehicles (regardless of age) that have a salvage title issued by another state (the owner must obtain a Wisconsin Salvage Title before bringing the vehicle to an inspection site).
- Remember that under the new title branding law (effective June 1, 1994), vehicles seven years old and older do not need to get salvage titles and will not need to be inspected.

## Title branding update Continued from page 4.

*reconstructed* vehicles aren't branded as such, but are titled using the make "RECON"; they are altered or modified from the original manufacturer's specifications and no longer resemble the original vehicle.

## Lapsed surety bonds

Your motor vehicle dealer license is in danger of being suspended if you allow your surety bond to expire without having a replacement that begins when the previous bond ended.

The first groups of dealers required to furnish bonds under the mandatory bonding law are now coming up for license renewal. We're discovering that some dealers whose bonds were written one year at a time (rather than on a continuous basis) allowed their bonds to lapse during the second year of their dealer licenses.

If you did not have a bond in place for part of your last license period, we won't be able to renew your license unless you provide a back-dated bond to cover the lapse in coverage.

To help you avoid suspension actions, we'll be checking bond expiration dates listed in our files and mailing letters each month to dealers whose bonds have an expiration date in the following month. You'll need to follow through by sending us the new bond or continuation certificate issued by your surety company. You also have the option of filing an irrevocable letter of credit instead of the bond. In that case, the bond's ending date must be on or after April 1, 1994—and the start date of the letter of credit must coincide with the end date of the bond.

Remember, we need the original documents for our files—keep a photocopy for yourself, but send us the original. Mail original documents to: WisDOT-Dealer Section, P.O. Box 7909, Madison, WI 53707-7909.

If your bond shows an ending date as "continuous," you won't need to send us any additional information—just follow your surety company's instructions regarding premium payments and financial information. If you have questions about the status of your bond, contact our licensing and financial specialist, Carol Sobek, at (608) 267-2316.

## Notify your customers if emission testing is required

When you sell a vehicle that will be kept in an emission-testing county (Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Washington and Waukesha), please inform your customer that an emission test is required for all vehicles more than five model years old. Customers will be more satisfied with their purchases if they know what to expect.

As a courtesy, WisDOT will send the customer a letter approximately two days after title and registration are issued. The letter explains that they have 45 days to satisfy the emission test requirements. If the emission requirements aren't met within the 45 days, registration is suspended—making it illegal to operate the vehicle. Once suspended, a \$25 reinstatement fee is needed in addition to satisfying emission test requirements.

For more detailed information or answers to your questions about emission testing requirements, please call the Milwaukee District Office of the Vehicle Inspection Program at (414) 266-1094.

---

## Paperwork Pointers

---

📎 **Congratulations to Fred Mueller Buick Pontiac** in Schofield! The title processing area reports that this dealership submitted a group of 71 title applications all at once without a single mistake in any of the paperwork or fees. Way to go!

📎 Please take extra care **entering your dealer license number on the MV11** Application for Title/Registration form. This information is used to run a computer report of new vehicle sales so if the wrong number is entered it can appear that a dealership is selling vehicles for which it isn't franchised. Our computer has no correction capabilities in this area because a vehicle transfer can only be entered as "new" once. Your dealer license number is the number (without the letters) on your dealer plates.

📎 **Oconto County** joined the list of counties collecting a ½% sales tax effective July 1, 1994. Collection of the tax is based upon where the vehicle is "customarily kept," not on where it was sold.

📎 Vehicles that are 10 or more years old are **exempt from the Truth in Mileage Act (TIMA)**, so they no longer need:

1. an incoming odometer statement,
2. the prior owner's odometer reading on the Used Vehicle Disclosure Label (instead, mark the box indicating the odometer reading isn't shown because the vehicle is exempt), and
3. an outgoing odometer statement.

Remember that if you do make an odometer representation about the mileage of an exempt vehicle, you're responsible for the accuracy of the statement.

Dealer Hot Line  
for questions on titles  
and plates—call  
(608) 267-3646

## 1994 Licensing Actions

**Bob Adams Collectibles, Ltd.**, Caledonia—Dealer license was summarily suspended for failure to obtain a \$50,000 surety bond as required by a previous Special Order. Adams was also fined \$1,000 for failing to pay in a timely manner money owed to two people on consignment sales.

**Al's Auto Salvage**, Poynette—Salvage dealer license was suspended for 30 days and a Special Order was issued for failing to keep a record of over 200 vehicles acquired for salvage purposes.

**Bradley Motors**, Kenosha—Dealer license renewal was denied because of allegations of false dealer reassignments to conceal Robert Munroe's involvement in vehicle sales. Dealer withdrew his appeal of the license denial and surrendered the license.

**Buggs Auto Service Center**, Milwaukee—Salvage dealer license was suspended for 27 days and a Special Order was issued for failing to keep a record of vehicles acquired for salvage purposes and failing to mail the certificates of title or bills of sale to the department.

**Butch's Auto Sales**, South Milwaukee—A Special Order was issued for buying vehicles from motor vehicle wholesalers then using sham purchase agreements to resell the vehicles back to the wholesale business owner as an individual. The dealership also paid a \$900 civil forfeiture.

**Capitol Auto Service**, Milwaukee—Salvage dealer license was denied for failing to maintain a logbook and allowing a salesperson to use his dealer license.

**Capitol Import Autos, Inc.**, Milwaukee—A Special Order was issued for making an illegal repossession.

**Clark Motors**, Waukesha—A Special Order was issued for failing to enter vehicles in the log book, failing to reassign ownership and acting as a motor vehicle salvage dealer without a license by dismantling a vehicle and selling its parts.

**Doucass Motors, Inc.**, Oshkosh (formerly of Fond du Lac)—Dealer license was suspended for one day and two Special Orders were issued for offering vehicles for sale at the Oshkosh location before it was licensed, failing to submit title and registration applications within the time required, failing to obtain titles, failing to have titles of vehicles offered for sale, selling trade-in vehicles before existing liens were satisfied, improperly using statement of intent forms to transfer ownership and engaging in untrue and misleading advertising. The dealership also paid a total of \$5,000 in civil forfeitures.

**Doucass Oldsmobile, Inc.**, Greenfield—Dealer license renewal was denied for failure to provide title, misrepresentation of a vehicle, unlicensed salesperson, and failing to apply rustproofing and register warranty as stated in purchase contract. Dealer withdrew their appeal of the license denial and surrendered the license.

**Marv Feldman Co.**, Madison—Wholesale dealer license was revoked for odometer tampering.

**Fraaza Used Cars & Trucks**, Ringle—Dealer license renewal was denied

because of allegations of false title applications and odometer tampering. Dealer surrendered the license.

**Jason J. Greggs**, Horicon—Salesperson license was suspended for one week for forging a customer's signature on the title of a trade-in vehicle.

**Hickey's Auto Sales and Salvage**, Mauston—Motor vehicle dealer and salvage dealer licenses were suspended for 30 days for failing to keep records on vehicles acquired for salvage purposes and resale.

**John's Body Shop**, Hazel Green—A Special Order was issued for participating in a scheme to remove salvage brands from out-of-state titles through sham purchase agreements. The dealership also paid a \$5,000 civil forfeiture.

**John Kenny**, Saukville—Salesperson license was suspended for five days for acting as a motor vehicle dealer without a license.

**Dave Marston Motors, Inc.**, Minocqua—A Special Order was issued for bushing (increasing the selling price of a vehicle above the amount agreed to on a purchase contract signed by both parties), and failing to perform a written agreement with a retail buyer.

**Midwest Auto, Inc.**, Milwaukee—A Special Order was issued as a condition of obtaining a dealer license whereby the dealership will not allow its license to be used by individuals purchasing vehicles with their own funds, and will inspect and display a used vehicle disclosure label on every vehicle offered for sale. Failure to comply with the order is grounds for a summary denial, suspension or revocation of the license.

**National Vehicle Management, Inc.**, Madison—Dealer license was suspended for 15 days; \$25,000 civil forfeiture charged; and \$19,800 restitution ordered for failing to complete pre-sale inspections, failing to disclose damage to used vehicles, violations of vehicle rental laws and unlawful repossession.

**Randy Porter**, Janesville—Salesperson ordered to pay a \$500 forfeiture for bushing violation.

**Sedlak Chevrolet Buick Pontiac, Inc.**, Minocqua—A Special Order was issued for failing to specify a delivery date on a purchase contract, failing to return a deposit when an ordered vehicle was not available for delivery, failing to perform a written agreement with a retail buyer and failing to accurately disclose the safety condition of a vehicle.

**Superior Auto Sales**, Superior—Dealer surrendered license after being found guilty of one count of misdemeanor theft for removing a Vehicle Identification Number (VIN). He was also fined \$2,000.

**Twin Ports Auto Parts, Inc.**, Superior—Dealer license was suspended for six months and two special orders were issued for failing to keep evidence of ownership for vehicles offered for sale, failing to inspect and disclose the condition of vehicles offered for sale, failing to mail in titles for junked vehicles and failing to enter vehicles in the used vehicle and salvage vehicle log books. They also paid fines totaling \$5,000.

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