

Dealer Details

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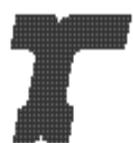
Newsletter of the DMV Business Regulation Section

Fall 2016

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Form 735-7022 (11-2016)

ODAC gets flooring company's perspective, makes fond farewell

Committee gets insight from NextGear presentation and reflects on loss of member

The Oregon Dealer Advisory Committee's fourth quarter meeting was held Oct. 27, 2016.

Nick Ahnen, Regional Director for NextGear Capital, attended the meeting as an invited guest to answer questions on flooring issues. There was quite a bit of discussion with Nick at the meeting.

Nick said NextGear has around 24,000 dealers nationwide as customers, which includes approximately 300 dealers in Oregon. To mitigate NextGear's risk, Nick said they judge dealers' performance on numerous factors such as aging of inventory, monthly audits on dealers, sale dates compared to pay off dates. He said mitigation is case-by-case for every dealer, but they may lock or reduce a dealer's line of credit if the situation calls for it.

Nick said a big hot point for NextGear is if the dealer has aging inventory. They would like to see turnover in 60 days or less. If a certain amount of inventory is older than 90 days, then they will step in and encourage the dealer to liquidate or find ways to move the inventory.

The dealers need to make payments to the flooring company, but without sales they have a hard time because the dealers become cash-strapped. After selling a vehicle, dealers choose to make a payment on the flooring loan instead of paying the vehicle off in order to get the title to the buyer.

With the first introduction of the flooring company to the dealer, field representatives are usually on the

dealer's lot coaching the dealer within the first seven days on how the flooring plan works. Field representatives are expected to be on the lot every 30 days, and they also show dealers how the NextGear website works, as well as conduct follow-up training.

Another topic discussed involved dealer supplemental locations. Larry Purdy, DMV Business Regulation's Chief of Investigations, provided an article about this in this issue.

From the consumer perspective, dealerships try to adapt to modern ways of doing business. Current law does not allow dealers to take a vehicle to the customer's home or place of business and sell it there.

ODAC members have been and will continue working closely with DMV to come up with a solution.

Finally, it is with great sadness that Paul Gustafson, who served on ODAC since 2004, passed away in October.

Paul always kept the car-buying consumer "front of mind" in his interactions and policy input. He was a proponent for changing insurance company practices for determining "totaled" vehicle damage, and consistently spoke up for the rights and interests of vehicle owners and car buyers.

We were always impressed with Paul's support for the appraiser industry in Oregon. His insight was of considerable value, and he will be missed.

We welcomed Paul's wife, Patrice, at the meeting so that she can meet and share with his fellow ODAC members.

The next ODAC meeting will be Jan. 26, 2017, at DMV Headquarters, 1905 Lana Ave. NE, in Salem. All are welcome.

Dan Nicholson
ODAC Chair

Dealer Handbook updated in November

The November 2016 revision of the Title and Registration Handbook is available to view, print or copy at DMV's website www.oregondmv.com.

This revision updates the August 2016 Handbook. The Handbook is normally updated quarterly. The next revision is scheduled for February 2016.

You may buy a printed copy from one of these organizations:

- Oregon Independent Auto Dealers Association (OIADA), 1-800-447-0302; info@OIADA.com; or www.oiada.com

- Oregon Vehicle Dealers Association (OVDA), 1-877-541-2277;

ovda@ordealers.com; or www.ordealers.com

Changes in the November 2016 Handbook revision are as follows:

Cover Page – The cover page reflects the latest revision date of 11-16.

Chapter D, Miscellaneous Title Application Information – The Vehicle Identification Number Inspection, Form 11, has been replaced with the latest revision, dated 5-16.

Chapter I, Security Interest Perfection – The Transitional Ownership Document (TOD) chart has been updated to reflect the 2017 dates. The Transitional Ownership Document (TOD), Form 227, has

been replaced with the latest revision, dated 8-16.

Chapter K, Registration – The Application for Registration, Renewal, Replacement or Transfer of Plates and/or Stickers, Form 268, has been replaced with the latest revision, dated 9-16. The Custom Plate Application, Form 205, has been replaced with the latest revision, dated 7-16.

Chapter O, Tow/Recovery Vehicles – The Application for Tow or Recovery Vehicle Business Certificate, Form 387, has been replaced with the latest revision, dated 7-16.

– *Dave Adams*
Vehicle Policy

Here's what can happen if you fail to file seller notice

Here is a real-world example of the importance of submitting a notice of sale:

I was contacted last year by a dealer who had sold a car to a California resident over a year previously.

When the dealer gave title to the purchaser, the dealer failed to remove the license plates/tags, and failed to submit a "Notice of Sale" Form 6890 to DMV.

The purchaser still has not transferred the title to his name and is still driving on the Oregon plates, which are still flagged in the dealer's inventory.

The purchaser lives in an area of California where he crosses a toll bridge on a regular basis and also fails to pay the toll. Because the purchaser failed to title the vehicle in his name, California is sending toll evasion tickets to the previous owner in Oregon.

The previous owner has been contacting the dealer each time he receives a ticket, and the dealer (to his credit) has stepped up each time and paid the ticket.

In the beginning, the dealer was contacting the purchaser, who always promised to get the title transferred and take care of the tickets, but of course that hasn't happened and the purchaser has now ceased all communication.

Unfortunately, the previous owner has now received notice from a collections company that one of the previous tickets wasn't paid and has been referred to them for collection.

If payment isn't received, the collections company will report it to the National Credit Bureau, which will harm the previous owner's credit rating.

This is not an unusual story, but the hours of frustration, annoy-

ance, and expense incurred by the previous owner and the dealer could have easily been avoided if the dealer had complied with notification requirements in Oregon statutes and administrative rules.

ORS 803.112 and OAR 735-150-0110 require a dealer who is providing title to the purchaser to file notification (Form 6890) with the Oregon DMV within 10 days of the date of sale.

If the dealer had done this, a copy of the DMV vehicle record with the purchaser's information could have been provided to the California authorities and the tickets would have been dismissed.

If you need assistance with accessing the online version of a Form 6890, or questions on how to complete and submit the form, please contact your Investigator.

– *Larry Purdy*
Chief of Investigations

Dealer Sanctions

Dealer	City	Violations Found	Offense	Count	Amount
Civil Penalties					
Klamath Superior Motor Company Inc	Klamath Falls	Issuing DMV a dishonored check	1	1	\$1,000
		Failure to submit title to DMV within 90 days	1	1	\$1,000
		Failure to satisfy a prior security interest within 15 days	1	1	\$250
Northwest RV Sales Inc	Salem	Failure to submit all documents to DMV necessary to transfer title within 90 days	5	7	\$7,000
(3 YR Suspension)		Failure to pay consignor within 10 days	5	9	\$9,000
Pacific Auto Services LLC	Milwaukie	Failure to obtain corrected dealer certificate	1	1	\$500
(3 YR Suspension)					
High Desert Auto Group LLC	Bend	Failure to submit title application to DMV within 90 days	3	9	\$9,000
(3 YR Suspension)					
Craig S Knight LLC dba	Central Point	Failure to furnish title to purchaser/SH within 90 days	1	4	\$1,000
Pacific Motor Group		Failure to submit title to DMV within 90 days	1	3	\$1,000
(3 YR Suspension)		Failure to notify purchaser/Lien Holder of delay in title documents	2	7	\$1,750
		Failure to maintain proper records	2	10	\$2,500
		Making a false statement of material fact in an investigation	1	1	\$500
Auto Resource LLC	Gresham	Failure to submit fees and title application to DMV within 30 days	2	2	\$500
		Failure to maintain proper records	2	20	\$5,000
		Failure to remove out of jurisdiction plates assigned to vehicle in dealer inventory	1	2	\$50
		Failure to obtain a dealer supplemental certificate	1	1	\$500
		Failure to maintain a record of title delivery	2	2	\$500
Michael James McFall dba	Medford	Failure to provide means for public contact all times during normal business hours	2	2	\$500
EZ Mikes Auto Sales		Failure to display a permanently affixed exterior sign	2	2	\$500
		Failure to obtain corrected dealer certificate	2	1	\$1,000
NMI Motor Sport LLC	Portland	Failure to satisfy interest in a vehicle within 15 days	1	2	\$2,000
		Failure to furnish title within 90 days	1	5	\$5,000
		Failure to submit fees and title application to DMV within 30 days	2	8	\$2,000
		Failure to maintain records in a manner allowing timely and efficient retrieval	2	1	\$500
Julie Ellis dba	Gresham				
Sons Auto & Truck		Failure to submit fees and title application to DMV within 30 days	3	1	\$500
Michael Ephrem dba	Salem				
12th Street Auto Sales		Failure to submit title application for purchaser to DMV within 90 days	3	2	\$2,000
Erik McKeachie dba	Bend	Failure to submit title application to DMV within 30 days	2	4	\$1,000
Quality Cars of Bend					
(3 YR Suspension)					
Ron Tonkin Chevrolet Co	Portland	Failure to furnish title to purchaser within 90 days	1	1	\$1,000
Automotives of Portland LLC	Tigard	Failure to obtain a dealer supplemental certificate	1	1	\$500
Affordable Auto Wholesale Inc	Portland	Issuing DMV a dishonored check	1	1	\$1,000
		Failure to submit title to DMV within 90 days	2	1	\$1,000
Lot 74 LLC	Portland	Issuing DMV a dishonored check	2	5	\$5,000
(2 YR Probation)		Failure to maintain records of title delivery	2	3	\$750
		Failure to submit title to DMV within 90 days	2	4	\$4,000
		Making a false statement in an application for title	1	3	\$1,500
		Failure to submit fees and title application to DMV within 30 days	2	4	\$1,000
		Failure to maintain proper records	2	1	\$250
		Failure to notify DMV of interest in a vehicle within 7 days of acquisition	2	1	\$50
Zachary S Hespen dba	Dexter	Failure to notify purchaser/Lien Holder of delay in title documents	2	1	\$250
Optimal Motors		Failure to maintain records of title delivery/submition/delay	2	1	\$250
Car Proz LLC	Gladstone	Failure to submit title application for purchaser to DMV within 90 days	1	1	\$1,000
PDX Motors LLC	Portland	Improperly completing DMV Temporary Registration Permits	2	4	\$200
Treasure Auto Sales LLC	Gladstone	Failure to submit title application for purchaser to DMV within 90 days	3	2	\$2,000
(1 YR Probation)		Failure to submit fees and title application to DMV within 30 days	3	8	\$4,000
KTN-KAIZEN Transportation Network LLC	Portland	Failure to obtain a dealer supplemental certificate	1	1	\$500
(2 YR Probation)		Failure to furnish title to purchaser within 25 days	2	6	\$1,500
		Failure to furnish title to purchaser within 90 days	2	3	\$3,000

NOTE: Fines and sanctions for dealers and unlicensed dealers may not reflect settlements

Continued on Page 4

Dealer Sanctions Continued

Dealer	City	Violations Found	Offense	Count	Amount
Civil Penalties					
Autonet LLC	Cornelius	Failure to furnish title to purchaser within 90 days	1	1	\$1,000
Joe Pfeiffer Auto Brokers Inc dba Luxury Sport Auto	Tigard	Failure to pay consignor within 10 days	1	1	\$500
Buds Auto Wrecking Inc	Portland	Failure to maintain proper records for a motor vehicle	2	3	\$750
Moda Cars LLC	Portland	Failure to remove and destroy registration plates	2	1	\$250
Luciano Carvalho dba Amea Auto Inns	Portland	Failure to furnish title within 90 days	3	1	\$1,000
Castlerock Auto LLC (3 YR Suspension)	Portland	Failure to obtain corrected dealer certificate	1	1	\$500
		Failure to submit fees and title application to DMV within 30 days	2	2	\$500
	Eugene	Failure to satisfy interest in a vehicle within 15 days	2	1	\$1,000
		Failure to notify DMV of interest in a vehicle within 7 days of acquisition	2	5	\$250
		Failure to furnish title to purchaser within 90 days	1	2	\$2,000
		Failure to notify purchaser/Lien Holder of delay in title documents	3	17	\$8,500
		Failure to maintain records of title delivery/submission/delay	2	17	\$4,250
		Failure to maintain proper records	2	17	\$4,250
		Failure to notify DMV of interest in a vehicle within 7 days of acquisition	3	11	\$1,100
Oregon Farm & Forest Labor Inc dba The Ville Auto Sales	McMinnville	Failure to obtain a dealer supplemental certificate	1	1	\$500
PDX Used Cars LLC (1 YR Probation)	Hillsboro	Failure to furnish title within 90 days	1	1	\$500
Southern Oregon Auto Sales LLC Paradise Auto Center Inc dba Paradise Auto Sales	Medford Grants Pass	Failure to submit fees and title application to DMV within 30 days	3	4	\$2,000
		Failure to submit title to DMV within 90 days	1	1	\$1,000
		Failure to submit title to DMV within 90 days	1	1	\$1,000
		Failure to notify purchaser/Lien Holder of delay in title documents	2	2	\$500
		Failure to satisfy a prior security interest holder within 15 days	1	1	\$1,000
	Portland	Failure to display an exterior sign	2	1	\$250
Rabitan LLC	Portland	Failure to obtain a dealer supplemental certificate	1	1	\$500
Roman Motors LLC (2 YR Probation)	Portland	Failure to submit fees and title application to DMV within 30 days	2	15	\$3,750
		Failure to maintain proper records	2	5	\$1,250
JBC Imports LLC	Portland	Failure to submit title to DMV within 90 days	1	3	\$3,000
Arvin Autocare Inc	Portland	Failure to provide clear title by failing to satisfy interest within 15 days	2	1	\$1,000
Cascade Auto Inc	Portland	Making a false statement of material fact in a DMV document	1	1	\$500
Pine Auto Sales LLC (3 YR Suspension)	Salem	Failure to submit title to DMV within 90 days	1	1	\$500
NW RV Wholesale LLC	Milwaukie	Making a false statement of material fact in a DMV document	2	2	\$2,000
		Failure to submit title to DMV within 90 days	1	1	\$1,000
Lithia DM Inc dba Lithia Chrysler Jeep Dodge Columbia Motors Inc	Medford Portland	Making a false statement of material fact in a DMV document	1	1	\$500
		Failure to submit title to DMV within 90 days	2	2	\$2,000
		Failure to satisfy interest in a vehicle within 15 days	1	1	\$1,000
		Failure to submit title to DMV within 90 days	1	1	\$1,000
		Issuing temporary registration permit to person not domiciled in Oregon	2	1	\$250
Noah's Motors Inc	Portland	Making a false statement of material fact in an investigation	1	3	\$1,500
		Failure to obtain corrected dealer certificate	1	1	\$500
Jesse Ephrem dba Good Follows Auto Sales Northern Wholesale Truck-Auto & Equipment LLC	Salem Grants Pass	Failure to furnish title to purchaser within 90 days	1	1	\$1,000
		Failure to notify DMV of interest in a vehicle within 7 days of acquisition	2	6	\$300
		Failure to submit fees and title documents to DMV within 90 days	3	1	\$1,000
		Making a false statement of material fact in a DMV document	1	2	\$2,000
		Failure to maintain proper records	1	2	\$2,000

NOTE: Fines and sanctions for dealers and unlicensed dealers may not reflect settlements

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Dealer Sanctions Continued

Dealer	City	Violations Found	Offense	Count	Amount
Civil Penalties					
Elegant Auto Sales LLC (1 YR Probation)	Milwaukee	Failure to satisfy interest in a vehicle within 15 days	1	1	\$1,000
		Failure to submit title application for purchaser to DMV within 90 days	4	1	\$1,000
		Failure to submit fees and title application to DMV within 30 days	4	3	\$3,000
		Failure to provide clear title by failing to satisfy interest within 15 days	1	1	\$1,000
CD Motors LLC	Salem				
James L Husk	Eugene	Acting as a vehicle dealer without a current dealer certificate	1	6	\$15,000
Troy Randall Cole	Amity	Acting as a vehicle dealer without a current dealer certificate	1	5	\$17,500
John Ephrem dba Cars Circle Auto Sales	Portland	Acting as a vehicle dealer without a current dealer certificate	1	18	\$45,000
Austin C Forbis	Salem	Acting as a vehicle dealer without a current dealer certificate	1	8	\$20,000
Joshua Lee Larm dba Larm's Recycling LLC	Mt. Angel	Acting as a vehicle dismantler without a current dismantler certificate	1	1	\$2,500
John Tatos	Medford	Acting as a vehicle dealer without a current dealer certificate	1	6	\$15,000

Dealers targeted by scams

Small car dealerships are increasingly becoming targets of online scammers.

These scammers research dealerships to identify those without websites for online sales. The scammers have websites created for dealerships with good reputations and in some cases may also post vehicles for sales on other sites such as Craigslist posing as the dealerships.

Customers who find one of these sites will see that the dealership has a good reputation, so they are more likely to purchase cars sight unseen and wire the money to the scammers. Dealerships do not know they have been victimized until they start to receive complaints from customers who do not receive their vehicles.

The scammers are frequently foreign nationals operating in criminal rings in multiple locations. Each scammer may have more than one fraudulent site. Fraudulent websites may only operate for a few months before they are shut down, but in

that short period they can rake in a large amount of money, providing the fraudsters a million dollars or more in a small amount of time.

Dealers may also find that their bank accounts are taken over by the fraudsters, resulting in loss of funds in addition to possible harm to their reputation due to the fraudulent online sales activity.

To help protect themselves, dealerships should regularly search for their dealership name online. The easiest way to do this is to set up a Goggle Alert to alert them when anything new is posted about them online. Information on creating a Goggle alert can be found at <https://support.google.com/alerts/answer/4815696?hl=en>.

Regular monitoring will help identify fraudulent websites and other online activity much earlier. The dealerships can then alert law enforcement and their dealer investigator about this activity.

– *Jo Anne Mac Farlane*
DMV Fraud Examiner

Plates get new prefix

DMV's current dealer plate configuration beginning with "DA" will soon change to a configuration beginning with "DL."

DMV has nearly depleted the supply of numbers for the "DA" configuration. The new "DL" dealer plate configuration will be issued beginning sometime after mid-November 2016.

Current dealer plates beginning with the "DA" configuration remain valid.

For questions on dealer plates, contact Business Regulation at 503-945-5052.

Office to close for week

The Business Regulation building in Salem will be closed for a week to allow for carpet replacement.

The building, located on Lana Avenue NE next to DMV Headquarters, will be closed Dec. 7 through 13. During the carpet replacement project, Business Regulation staff will hold office hours from 8 a.m. to 4:30 p.m. in the DMV Headquarters lobby.

All telephone lines will be operative during this time, as well as access to dealer, dismantler and other applicant information.

State law prohibits off-site sale activity

Have you heard radio ads like this:

“No need to set foot on our lot. We’ll bring the car to your home, office, or wherever you’d like, along with all the paperwork. Take the car for a test drive, sign all the paperwork, and we’ll give you the keys to your new car. No annoying salesmen, finance managers, or pressure. Just let us bring the car to you!”

Sounds great, doesn’t it? Unfortunately, this practice runs afoul of Oregon law. Oregon Revised Statutes and administrative rule require a dealer to have a dealer certificate for each location where dealer activity occurs. Displaying a vehicle for sale, showing a vehicle, conducting test drives, and completing purchase paperwork are all examples of dealer activity that is required to take place at a licensed location.

Conducting these activities at any other location is a violation of Oregon law and carries a penalty of up to \$1,000 per violation and a suspension of the dealer certificate.

Business Regulation investigators are aware of this business model currently being used by dealers throughout the state, and they have recently received confirmation from our legal counsel that current law does not allow the activity without a dealer certificate for each location where the activity takes place.

If this is a business model your dealership uses, you may want to reconsider, as DMV will be taking administrative action against any dealer found to be in violation.

– **Larry Purdy**
Chief of Investigations

Salem RV dealer closed

A Salem recreational vehicle dealer agreed to surrender its Oregon vehicle dealer certificate and cease all dealer activity as of Sept. 28.

Oregon DMV entered into a settlement with Northwest RV Sales Inc. of Salem after the DMV Business Regulation and Fraud Prevention Section conducted multiple investigations of consumer complaints. The complaints related primarily to the dealership taking excessive time to pay owners of consigned vehicles and to submit title and registration documents to DMV.

Northwest RV Sales Inc. operated its dealership at 6492 Portland Road NE. It also operated a parts supply and RV repair shop at the site. The business was first issued a Vehicle Dealer Certificate in 2005. A majority of the dealership’s business involved selling RVs that were consigned to the dealership by RV owners.

Oregon law requires a written agreement between the owner of an RV and the dealership at the time of consignment, which shows how much the owner is to be paid once

the RV is sold. Once the dealership sells the RV, the dealership is required by law to pay the owner and any lienholders the agreed upon amount within 10 days. The dealership is also required to submit title and registration documents to DMV within 30 days of the date of sale.

Northwest RV Sales Inc. has paid multiple fines for similar violations since 2012. In November 2014, DMV placed the dealership on one year of probation of its dealer certificate. In August 2015, the dealership violated terms of the probation, and DMV imposed a seven-day suspension of the dealer certificate. DMV Business Regulation uncovered multiple new violations in February 2016 and again in August 2016.

Under the settlement, Northwest RV Sales Inc. will pay an \$8,000 fine and its vehicle dealer certificate will be suspended for a three-year period. The owner of Northwest RV Sales Inc. may not obtain a new certificate for another dealer business during the term of the suspension.

– **Business Regulation**

Business hours change at two DMVs

Office hours are changing this fall at two Central Oregon DMVs:

- The John Day office moved its lunch closure time by half an hour to make it easier for customers to obtain services during their own lunch breaks. Since Nov. 1, the John Day office will close from 12:30 to 2 p.m. instead of noon to 1:30 p.m. The office, located at 193 N. Canyon Blvd., is open to the public 9 a.m. to 5 p.m. Monday through Friday. The John Day office staff suggested this schedule change after

hearing input from the community.

- The Baker City DMV is changing office hours as of Dec. 1, adding a lunch closure. The new hours are 9 a.m. to 5 p.m. Monday through Friday, closing for lunch from 12:30 to 1:30 p.m. daily. The office is located at 3370 10th St. Suite A.

These offices also may close at other times temporarily when weather, DMV business needs, training or illness requires the limited staff to be away from the office.

– **DMV Field Services**