

Meeting Summary
Motor Vehicle Dealer Board
Monday, July 14, 2014

Vice-Chairman Joe Tate called the Dealer Board meeting to order at 1:05 p.m. in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. The roll was called and there were 12 Board members present. Present were members Ted Bailey, Roy Boswell, Steve Farmer, David Gripshover, Clayton Huber, Art Hudgins, Brian Hutchens, Chris Maher, Matt McQueen, Jacques Moore and George Pelton. (Absent: Gardner Britt, David Duncan, Ron Kody, Chip Lindsay and Rick Holcomb). Executive Director Bruce Gould, Peggy Bailey, Prin Cowan, Ann Majors, Wanda Neely and Frank McCormick represented the Dealer Board. Eric Fiske represented the Attorney General's Office. Alice Weedon was the recording secretary.

PUBLIC COMMENT

There was no public comment.

The May 12, 2014 meeting summary was approved.

STATUTORY COMMITTEE REPORTS

Dealer Practices Committee:

Vice-Chairman Roy Boswell summarized discussions held and actions that were taken during the Committee Meeting.

H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr. Vice-Chairman Roy Boswell made the following motion: Based on the evidence and a report of an informal fact-finding conference as prepared by a hearing officer, the Motor Vehicle Dealer Board assessed a \$8,000 civil penalty against H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr. and suspended all licenses and certificates issued by the Board to Mr. McGeorge for ninety days and require that he successfully complete the 2-day Dealer Operator course; and; Mr. McGeorge appealed the Board's decision and requested a formal hearing that was conducted on January 23, 2014. The Board has reviewed and considered the facts and evidence and the report of a formal hearing as prepared by the hearing officer concerning H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr. for alleged violations of VA Code Sections 46.2-1520; 46.2-1529.1; 46.2-1530; 46.2-1531; 46.2-1544; 46.2-1548; 46.2-1550; and 46.2-1575 (2), (6) and (12). Based on due consideration, the Board believes a civil penalty should be assessed against H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr. The Board hereby assesses an \$8,000 civil penalty against H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr.; and based on due consideration, the Board believes that successfully completing the dealer-operator course would benefit Mr. McGeorge in running his dealership. The Board mandates that Mr. McGeorge successfully complete the dealer-operator course. Failure to successfully complete the course will result in a suspension of all licenses and certificates issued to Mr. McGeorge by the Board until such time Mr. McGeorge has successfully completed the course

Steve Farmer seconded. The motion carried unanimously.

- **Autos Unlimited and Mark Callahan.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Autos Unlimited, Inc. and Mark Callahan for alleged violations of VA Code Sections 46.2-1529, 46.2-1529.1, 46.2-1530, 46.2-1534, 46.2-1535, 46.2-1537, 46.2-1544, 46.2-1548 and 46.2-1575 (2) and (6). Based on due consideration, the Board believes a civil penalty should be assessed against Autos Unlimited, Inc. and Mark Callahan. The Board hereby assesses an \$8,000 civil penalty against Autos Unlimited, Inc. and Mark Callahan.

David Gripshover seconded. The motion carried unanimously.

- **Today's Auto and Eldon L. Smith.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Today's Auto and Eldon L. Smith for alleged violations of VA Code Sections 46.2-1508, 46.2-46.2-1575 (2) and (6). Based on due consideration, the Board believes a civil penalty should be assessed against Today's Auto and Eldon L. Smith. The Board hereby assesses a \$16,000 civil penalty against Today's Auto and Eldon L. Smith; and based on due consideration, the Board believes that the Dealer Certificate (Dealer Number 6771) and the Dealer Operator Certificate of Qualification issued by the Board to Mr. Smith should be revoked. The Board revokes the Dealer Certificate (Dealer Number 6771) and the Dealer Operator Certificate of Qualification issued by the Board to Mr. Smith

Art Hudgins seconded. The motion carried unanimously.

- **Pruitt Automotive Wholesale, LLC and Paul W. Pruitt.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Pruitt Automotive Wholesale and Paul W. Pruitt for alleged violations of VA Code Sections 46.2-1510, 46.2-1518, 46.2-1529, 46.2-1539, 46.2-1550, 46.2-1574 and 46.2-1575 (6). Based on due consideration, the Board believes a civil penalty should be assessed against Pruitt Automotive Wholesale and Paul W. Pruitt. The Board hereby assesses a \$1,000 civil penalty against Pruitt Automotive Wholesale and Paul W. Pruitt; and based on due consideration, the Board believes that Mr. Pruitt's dealership should be re-inspected by July 14, 2015 and that the inspection must be satisfactory. The Board hereby mandates that a Motor Vehicle Dealer Board field representative re-inspect Mr. Pruitt's dealership by July 14, 2015 and if the inspection is not satisfactory the Board suspends all licenses and certificates issued by the Board to Mr. Pruitt until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative.

Art Hudgins seconded. The motion carried unanimously.

- **W.W. Auto and Warren A. Wittig.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning W.W. Auto and Warren A. Wittig for alleged violations of VA Code Sections 46.2-1550 and 46.2-1575 (9). Based on due consideration, the Board believes a civil penalty should be assessed against W.W. Auto and Warren A. Wittig. The Board hereby assesses a \$250 civil penalty against W.W. Auto and Warren A. Wittig; and based on due consideration, the Board believes that successfully completing the dealer-operator course would benefit Mr. Wittig in running his dealership. The Board mandates that Mr. Wittig successfully complete the dealer-operator course by January 14, 2015. Failure to

successfully complete the course by this date will result in a suspension of all licenses and certificates issued to Mr. Wittig by the Board until such time Mr. Wittig has successfully completed the course.

Art Hudgins seconded. The motion carried unanimously.

- **Candy Automotive, Inc.** Vice-Chairman Roy Boswell made the following motion: Based on the evidence and a report of an informal fact-finding conference as prepared by a hearing officer, the Motor Vehicle Dealer Board assessed a \$4,000 civil penalty against Candy Automotive, Inc. and Hayward S. Statum and suspended all licenses and certificates issued by the Board to Mr. Statum pending a satisfactory inspection and require that he successfully complete the 2-day Dealer Operator course; and Mr. Statum appealed the Board's decision and requested a formal hearing that was conducted on June 4, 2014. The Board has reviewed and considered the facts and evidence and the report of a formal hearing as prepared by the hearing officer concerning Candy Automotive, Inc. and Hayward S. Statum for alleged violations of VA Code Sections 46.2-1529, 46.2-1530, 46.2-1537, 46.2-1539, 46.2-1542, 46.2-1550.2, 46.2-1559, and 46.2-1575 (2). Based on due consideration, the Board believes a civil penalty should be assessed against Candy Automotive, Inc. and Hayward S. Statum. The Board hereby assesses a \$3,000 civil penalty against Candy Automotive, Inc. and Hayward S. Statum; and based on due consideration, the Board believes that Mr. Statum's dealership should be re-inspected and that the inspection must be satisfactory and that all licenses and certificates issued by the Board to Mr. Statum should be suspended until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative. The Board hereby mandates that a Motor Vehicle Dealer Board field representative re-inspect Mr. Statum's dealership and if the inspection is not satisfactory the Board suspends all licenses and certificates issued by the Board to Mr. Statum until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative; and based on due consideration, the Board believes that successfully completing the dealer-operator course would benefit Mr. Statum in running his dealership. The Board mandates that Mr. Statum successfully complete the dealer-operator course by January 14, 2015. Failure to successfully complete the course by this date will result in a suspension of all licenses and certificates issued to Mr. Statum by the Board until such time Mr. Statum has successfully completed the course.

Steve Farmer seconded. The motion carried unanimously.

- **Carmaster's of Arlington and Theron & Erica Lusk.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of formal hearing as prepared by the hearing officer concerning Carmaster's of Arlington and Theron & Erica Lusk for alleged violations of VA Code Sections 46.2-1529, 46.2-1530, 46.2-1532, 46.2-1537, 46.2-1542, 46.2-1544, 46.2-1550, 46.2-1559, 46.2-1574, 46.2-1575 (1), (2), (4), (6), (10) and (14). Based on due consideration, the Board believes a civil penalty should be assessed against Carmaster's of Arlington and Theron & Erica Lusk. The Board hereby assesses a \$24,000 civil penalty against Carmaster's of Arlington and Theron & Erica Lusk; and based on due consideration, the Board believes that all licenses and certificates issued by the Board to Mr. and Mrs Lusk should be revoked. The Board hereby revokes all licenses and certificates issued by the Board to Mr. and Mrs. Lusk.

Art Hudgins seconded. The motion carried unanimously.

Licensing Committee

Chairman Joe Tate summarized discussions held and actions that were taken during the Committee Meeting.

- **Edwin O. Paz, Liberty Auto Sales, LLC.** Chairman Joe Tate made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Edwin O. Paz and Liberty Auto Sales, LLC for alleged violations of VA Code Sections 46.2-1544 and 46.2-1575(9). Based on due consideration, the Board believes a civil penalty should be assessed against Edwin O. Paz and Liberty Auto Sales, LLC. The Board hereby assesses a \$750 civil penalty against Edwin O. Paz and Liberty Auto Sales, LLC; and based on due consideration, the Board believes that Mr. Paz's dealership should be re-inspected by July 15, 2015 and that the inspection must be satisfactory. The Board hereby mandates that a Motor Vehicle Dealer Board field representative re-inspect Mr. Paz's dealership by July 15, 2015 and if the inspection is not satisfactory the Board suspends all licenses and certificates issued by the Board to Mr. Paz until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative.

Art Hudgins seconded. The motion carried unanimously.

- **Mousa Mahgerefteh, Imperial Motors, LTD.** Chairman Joe Tate made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Mousa Mahgerefteh and Imperial Motors, LTD for alleged violations of VA Code Sections 46.2-1550, 46.2-1575 (9) and (12). Based on due consideration, the Board believes a civil penalty should be assessed against Mousa Mahgerefteh and Imperial Motors, LTD. The Board hereby assesses a \$750 civil penalty against Mousa Mahgerefteh and Imperial Motors, LTD; and based on due consideration, the Board believes that successfully completing the dealer-operator course would benefit Mr. Mahgerefteh in running his dealership. The Board mandates that Mr. Mahgerefteh successfully complete the dealer-operator course by January 14, 2015. Failure to successfully complete the course by this date will result in a suspension of all licenses and certificates issued to Mr. Mahgerefteh by the Board until such time Mr. Mahgerefteh has successfully completed the course.

Clay Huber seconded. The motion carried unanimously.

- **David Thompson, Rod Shop, Inc.** Chairman Joe Tate made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning David Thompson and Rod Shop, Inc for alleged violations of violations VA Code Sections 46.2-1574, 46.2-1575 (2) and (13). Based on due consideration, the Board believes a civil penalty should be assessed against David Thompson and Rod Shop, Inc. The Board hereby assesses a \$4,000 civil penalty against David Thompson and Rod Shop, Inc; and based on due consideration, the Board believes that all licenses and certificates issued by the Board to Mr. Thompson should be. The Board hereby revokes all licenses and certificates issued by the Board to Mr. Thompson.

David Gripshover seconded. The motion carried unanimously.

Advertising Committee

Vice-Chairman Roy Boswell summarized discussions that were held during the Committee Meeting.

- **Motorsport Auto Sales, LLC and Houssam F. Tarabay (Case 1).** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Motorsport Auto Sales, LLC and Houssam F. Tarabay for alleged violations of VA Code Sections 46.2-1535, 46.2-1575 (6) and (7) and 46.2-1581 (8). Based on due consideration, the Board believes a civil penalty should be taken/assessed against Motorsport Auto Sales, LLC and Houssam F. Tarabay. The Board hereby takes assesses a \$750 civil penalty against Motorsport Auto Sales, LLC and Houssam F. Tarabay; and based on due consideration, the Board believes that Mr. Tarabay's dealership should be re-inspected by September 14, 2014 and that the inspection must be satisfactory. The Board hereby mandates that a Motor Vehicle Dealer Board field representative re-inspect Mr. Tarabay's dealership by September 14, 2014 and if the inspection is not satisfactory the Board suspends all licenses and certificates issued by the Board to Mr. Tarabay until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative.

David Gripshover seconded. The motion carried unanimously.

- **Motorsport Auto Sales, LLC and Houssam F. Tarabay (Case 2).** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Motorsport Auto Sales, LLC and Houssam F. Tarabay for alleged violations of VA Code Sections 46.2-1575 (2), (6) and (7) and 46.2-1581 (8). Based on due consideration, the Board believes a civil penalty should be assessed against Motorsport Auto Sales, LLC and Houssam F. Tarabay. The Board hereby assesses a \$250 civil penalty against Motorsport Auto Sales, LLC and Houssam F. Tarabay; and based on due consideration, the Board believes that Mr. Tarabay's dealership should be re-inspected by September 15, 2014 and that the inspection must be satisfactory. The Board hereby mandates that a Motor Vehicle Dealer Board field representative re-inspect Mr. Tarabay's dealership by September 15, 2014 and if the inspection is not satisfactory the Board suspends for all licenses and certificates issued by the Board to Mr. Tarabay until such time as he has had a satisfactory inspection by a Motor Vehicle Dealer Board Field Representative.

Art Hudgins seconded. The motion carried unanimously.

- **Peruvian Motors, Inc. and Guardia Eduardo S. Jimenez.** Vice-Chairman Roy Boswell made the following motion: The Board has reviewed and considered the facts and evidence and the report of an informal fact-finding conference as prepared by the hearing officer concerning Peruvian Motors, Inc. and Guardia Eduardo S. Jimenez for alleged violations of Va. Code Sections 46.2-1535, 46.2-1575 (7) and 46.2-1581 (8). Based on due consideration, the Board believes a civil penalty should be assessed against Peruvian Motors, Inc. and Guardia Eduardo S. Jimenez. The Board hereby assesses a \$4,000 civil penalty against Peruvian Motors, Inc. and Guardia Eduardo S. Jimenez; and based on due consideration, the Board believes that successfully completing the dealer-operator course would benefit Mr. Jimenez in running his dealership. The Board mandates that Mr. Jimenez successfully complete the dealer-operator course by September 14, 2015. Failure to successfully complete the course by this date will result in a suspension of all licenses and certificates issued to Mr. Jimenez by the Board until such time Mr. Jimenez has successfully completed the course.

Chris Maher seconded. The motion carried unanimously.

Transaction Recovery Fund Committee:

Chairman Ted Bailey summarized discussions held and actions that were taken during the Committee Meeting.

Andre Alexander vs. Bay Auto Wholesale & Joseph C. Brown, Jr. and Autos By Choice & Jason D. Adams. Chairman Ted Bailey summarized for the Board the discussion held in the committee meeting regarding Andre Alexander vs. Bay Auto Wholesale and Joseph C. Brown, Jr. and Autos By Choice and Jason Adams. Based on that discussion and the recommendations in these cases, Mr. Bailey made the following motion: Pursuant to VA Code Section 46.2-1527.1 et. seq. of the Code of Virginia, which is known as the Motor Vehicle Transaction Recovery Fund ("Fund"), the Board has reviewed and considered the claims submitted for payment from the Fund and based on due consideration and recommendation of the hearing officer, the Board believes the following claims should be payable from the Fund:

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| Andre Alexander vs. Bay Auto Wholesale & Joseph C. Brown, Jr. and Autos By Choice & Jason D. Adams. | \$15,693.00 |
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Roy Boswell seconded. The motion carried unanimously.

OLD BUSINESS

- **Update: General Assembly.** Bruce Gould reported that everything is going smoothly with the 2014 legislation, but with 2014 legislation coming to an end, it's time to begin 2015 legislation. There are discussions on moving regulation of motorcycles, trailer and RV dealers from DMV to the Motor Vehicle Dealer Board.

Motion was made by Steve Farmer to support a legislative proposal that would move regulation of motorcycle, trailer and RV dealers from DMV to the Motor Vehicle Dealer Board. Matt McQueen seconded. The motion carried unanimously.

Internet Task Force. Bruce Gould indicated that directly after the Full Board meeting, the Internet Task Force will be conducted to discuss structure for internet advertising.

OLD BUSINESS FROM THE FLOOR

There was no old business from the floor.

NEW BUSINESS

NEW BUSINESS FROM THE FLOOR

The next meeting will be scheduled for September 8, 2014.

There being no further business to come before the Motor Vehicle Dealer Board, Vice-Chairman Joe Tate adjourned the meeting at 1:34 p.m.

Meeting Summary
Dealer Practices Committee
Monday, July 14, 2014

Vice-Chairman Roy Boswell called the Dealer Practices Committee meeting to order at 9:00 a.m. in Room 702 of the DMV Headquarters Building at 2300 W. Broad Street in Richmond. Present were Committee members Steve Farmer, Clayton Huber, Brian Hutchens, Chris Maher, Matt McQueen, George Pelton and Joe Tate. (Absent: Ron Kody, Gardner Britt and Chip Lindsay). Other Board members present: David Gripshover, Art Hudgins, Jacques Moore. Executive Director Bruce Gould, Peggy Bailey, Prin Cowan, Ann Majors, Frank McCormick and Wanda Neely represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The May 12, 2014 meeting summary was approved.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

Bruce Gould indicated that William Myers of American Classics did not full fill his requirements from the resolution that was adopted at the May meeting for the variance in hours that he had requested. Consensus of the Committee is that Mr. Myers must abide by the hours per VA Code Section 46.2-1533.

OLD BUSINESS FROM THE FLOOR

There was no old business from the floor.

NEW BUSINESS

Tabled Issue from the May Meeting:

- **H L McGeorge Auto Sales, Inc. and Howard L. McGeorge, Jr.** Historical overview leading up to the formal hearing: On September 23, 2013, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1520 (Dealer records), 46.2-1529.1 (Buyers guide completely filled out, signed and dated by buyer), 46.2-1530 (Buyers order), 46.2-1531 (Consignment vehicles; contract), 46.2-1534 (Signs), 46.2-1544 (Certificate of title issued to dealers or reassignment), 46.2-1548 (Transferable license plates), 46.2-1550 (Use of D-tags), 46.2-1575(2) (Failure to comply with written warning), (6) (Having used deceptive acts and practices and (12) (Leasing, renting lending dealer tags used by persons not authorized). On November 4, 2014, the Board adopted a Resolution to assess a civil penalty of \$8,000, suspend all licenses and certificates for 90 days and require that Mr. McGeorge successfully complete the 2 day Dealer-Operator course prior to the end of the 90 day suspension. On November 13, 2013, Mr. McGeorge appealed the Board's decision and requested a formal hearing. On January 23, 2014, a formal hearing was conducted to address the above alleged violations. Based on the information provided at the hearing, the hearing officer recommended assessing a civil penalty if \$22,000, suspension, satisfactory inspection and to successfully complete the 2-day Dealer-Operator course.

Howard McGeorge, Jr and Chris Page, attorney for Mr. McGeorge, were present and Mr. Page spoke on behalf of his client.

Motion was made by Joe Tate to assess a civil penalty of \$8,000 and suspension until the 2-day Dealer-Operator Course has been successfully completed. Matt McQueen seconded. All in favor: 7 (Boswell, Farmer, Huber, Hutchens, McQueen, Pelton and Tate). Opposed: 1 (Maher). The motion carried.

Review and Action: Informal Fact-Finding Conferences:

- **Autos Unlimited, Inc. and Mark Callahan.** On February 20, 2014, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1529 (Dealer Records), 46.2-1529.1 (Sales of used motor vehicles by dealer; disclosures), 46.2-1530 (Buyer's orders), 46.2-1534 (Signs), 46.2-1535 (Advertisements), 46.2-1537 (Prohibited solicitation and compensation), 46.2-1544 (Certificate of title for dealers), 46.2-1548 (Transferable license plates) and 46.2-1575 (2) (Failure to comply with a written warning or willful failure to comply) and (6) (Having used deceptive acts or practices). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$8,000, suspension of licenses and successfully completes the Dealer-Operator 2-day course.

Mr. Callahan was present and spoke on his own behalf.

Motion was made by Chris Maher to accept the hearing officer's recommendation of assessing a civil penalty of \$8,000. Brian Hutchens seconded. The motion carried unanimously.

- **Today's Auto and Eldon L. Smith.** On May 20, 2014, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1508 (License required), 46.2-46.2-1575 (2) (Failure to comply with written warning, or willful failure to comply) and (6) (Having used deceptive acts or practices). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$16,000 and revocation of all licenses.

Mr. Smith was present and spoke on his own behalf. Mr. Smith indicated that he's willing to forgo his Dealer-Operator's Certificate of Qualification; however, he needs his sales license to be able to provide for his family. He does not want to run a dealership anymore. He also indicated that he has been offered a job with a franchise dealer.

Motion was made by George Pelton to assess a civil penalty of \$16,000, revocation of his Dealer-Operator Certificate of qualification and allow Mr. Smith to maintain his sales license. Brian Hutchens seconded. The motion carried unanimously.

- **Pruitt Automotive Wholesale and Paul W. Pruitt.** On May 31, 2014 an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1510 (Dealers required to have established place of business), 46.2-1518 (Display of salesperson's license; notice of termination), 46.2-1529 (Dealer records), 46.2-1539 (Inspection of vehicles required), 46.2-1550 (Use of dealer tags), 46.2-1574 (Acts of officers, directors, partners, and salespersons) and 46.2-1575 (6) (Deceptive acts or practices). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$2,750; 30 day suspension of Mr. Pruitt's salesperson's license and a satisfactory inspection within one year.

Mr. Pruitt was present and spoke on his own behalf.

Motion was made by Chris Maher to assess a civil penalty of \$1,000 and a satisfactory inspection. George Pelton seconded. The motion carried unanimously.

- **W.W. Auto and Warren A. Wittig.** On June 11, 2014 an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1550 (Use of D Tags) and 46.2-1575 (9) (Having been convicted of any criminal act involving the business of selling vehicles). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$250 and that Mr. Wittig successfully completes the 2-day Dealer-Operator course.

Mr. Wittig was present and spoke on his own behalf.

Motion was made by Steve Farmer to accept the hearing officer's recommendation of assessing a civil penalty of \$250 and that Mr. Wittig successfully completes the 2-day Dealer-Operator course. Joe Tate seconded. The motion carried unanimously.

Review and Action: Formal Hearings:

- **Candy Automotive, Inc. and Hayward S. Statum.** Historical overview leading up to the formal hearing: On November 20, 2013, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1529 (Dealer records), 46.2-1530 (Buyer's order), 46.2-1537 (Licensed Salesperson/Birddog), 46.2-1539 (Inspection of vehicles required), 46.2-1542 (Temporary registration), 46.2-1550.2 (Transport Tag record of use and issuance), 46.2-1559 (Records to be kept by dealers for inspection), 46.2-1575 (2) (Failure to comply with a written warning). On March 10, 2014, the Board adopted a resolution to assess a \$4,000 civil penalty against Candy Automotive, Inc. and Hayward S. Statum, that there be a re-inspection of the dealership and that Mr. Statum successfully complete the dealer-operator course by September 12, 2014. On April 3 2014, Mr. Statum emailed Bruce Gould and appealed the Board's decision and requested a formal hearing. On June 4, 2014, a formal hearing was conducted to address the above alleged violations. Based on the information provided at the formal, the hearing officer recommended assessing a civil penalty of \$4,250, a satisfactory inspection and successfully completes the Dealer-Operator 2-day course.

Hayward Statum and his attorney, John Edwards were present and Mr. Edwards spoke on behalf of his client.

Motion was made by Chris Maher to assess a civil penalty of \$3,000, a satisfactory inspection to be conducted and successfully completes the 2-day Dealer-Operator course. Joe Tate seconded. The motion carried unanimously.

- **Carmaster's of Arlington and Theron & Erica Lusk.** David Mahdavi, attorney for Theron and Erica Lusk, Carmaster's of Arlington, requested that his client's issue be tabled to the September meeting due to Mrs. Lusk being in Florida for personal family matters. Chris Maher indicated that due to the serious nature of this case and the fact that it has already been tabled once before for a formal hearing, the case needed to be heard during this meeting. Motion was made by Joe Tate to table this issue to the September meeting. Chris Maher seconded. All in favor: 0. Opposed: 8 (Boswell, Farmer, Huber, Hutchens McQueen Maher, Pelton, Tate). The motion failed. Historical overview leading up to the formal hearing: On November 18, 2013, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1529 (Dealer records), 46.2-1530 (Buyer's order), 46.2-1532 (Odometer disclosure), 46.2-1537 (Licensed salesperson/birddog), 46.2-1542 (Temporary registration), 46.2-1544 (Certificate of title issued to dealers or reassignment), 46.2-1550 (Use of D-tags), 46.2-1559 (Records to be kept by dealers for inspection), 46.2-1574 (Acts of officers), 46.2-1575 (1) (Material misstatement), (2) (Failure to comply with a written warning), (4) (Defrauding of a retail buyer), (6) (Having used deceptive acts or practices), (10) (Possessing titles which have not been completely and legally assigned to dealer), (14) (Failure to submit fees to DMV within 30 days). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$12,750.00, revocation of all licenses issued to Carmaster's of Arlington and that Theron and Erica must submit all Buyer's Orders for the time period noted in the 640 Temporary Tags printout submitted in the conference. At the January 13th meeting a motion was made by Joe Tate to table this issue so that a formal hearing can be conducted and the Lusk's can provide more evidence to support their case. Matt McQueen seconded. The motion carried unanimously. On April 9, 2014, a formal hearing was conducted to address the above violations and to give the Lusk's the opportunity to provide more evidence to support their case. Based on the information provided at the formal, the hearing officer recommended assessing a civil penalty of \$24,000 and revocation of all licenses and certificates.

Theron Lusk and his attorney, David Mahdavi, were present and Mr. Mahdavi spoke on behalf of his client.

Motion was made by George Pelton to accept the hearing officer's recommendation of assessing a civil penalty of \$24,000 and immediate revocation of all licenses. Steve Farmer seconded. The motion carried unanimously.

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The next meeting was scheduled for September 8, 2014

The meeting adjourned at 11:53 a.m.

Meeting Summary
Dealer Licensing Committee
Monday, July 14, 2014

Chairman Joe Tate called the Dealer Licensing Committee meeting to order at 11:43 a.m. in Room 702 in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. Present were Committee members Ted Bailey, David Gripshover, Jacques Moore and George Pelton. (Absent: David Duncan and Chip Lindsay). Other Board members present: Steve Farmer, Roy Boswell, Brian Hutchens, Matt McQueen, Clay Huber and Chris Maher. Executive Director Bruce Gould, Frank McCormick, Peggy Bailey, Prin Cowan, Ann Majors and Wanda Neely represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The May 12, 2014 meeting summary was approved.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

OLD BUSINESS FROM THE FLOOR:

There was no old business from the floor.

NEW BUSINESS

Review and Action: Informal Fact-Finding Conferences:

- **Edwin O. Paz and Liberty Auto Sales, LLC.** On May 23, 2014, an informal fact-finding conference was conducted to address the alleged violations VA Code Section(s) 46.2-617 (Sale of vehicle without certificate of title), 46.2-1544 (Certificate of title for dealers) and 46.2-1575(9) (Having been convicted of any criminal act involving the business of selling vehicles). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$750.00 and a satisfactory inspection within one year.

Mr. Paz and Robert Barlow, attorney for Mr. Paz, were present and Mr. Barlow spoke on behalf of his client.

Motion was made by David Gripshover to accept the hearing officer's recommendation of assessing a civil penalty of \$750 and a satisfactory inspection within one year. Jacques Moore seconded. The motion carried unanimously.

- **Mousa Mahgerefteh and Imperial Motors, LTD.** On May 28, 2014, an informal fact-finding conference was conducted to address the alleged violations VA Code Section(s) 46.2-1550 (Use of D-tags) and 46.2-1575 (9) (Having been convicted of any criminal act involving the business of selling vehicles) and (12) (Leasing, renting, lending D-tags use by persons not authorized). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$750 and to successfully complete the Dealer-Operator 2-day course.

Mr. Mahgerefteh was present and spoke on his own behalf.

Motion was made by David Gripshover to accept the hearing officer's recommendation of assessing a civil penalty of \$750 and require Mr. Mahgerefteh to successfully complete the 2-day Dealer-Operator course. Art Hudgins seconded. The motion carried unanimously.

- **David Thompson and Rod Shop, Inc.** On June 18, 2014, an informal fact-finding conference was conducted to address the alleged violations VA Code Section(s) 46.2-1574 (Acts of Officers) and 46.2-1575 (2) (Failure to comply with previous warning) and (13) (Having been convicted of a felony). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$4,000 and revocation of licenses associated with David Thompson.

Mr. Thompson and his attorney, Lee Robert Arzt, were present and Mr. Arzt spoke on behalf of his client. Mr. Arzt indicated that Mr. Thompson will be surrendering his license and selling his business. Once sold, Mr. Thompson would no longer be involved with the dealership.

Motion was made by Art Hudgins to accept the hearing officer's recommendation of assessing a civil penalty of \$4,000 and revocation of all licenses associated with David Thompson. George Pelton seconded. The motion carried unanimously.

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The next meeting was scheduled for September 8, 2014

The meeting adjourned at 12:17 p.m.

Meeting Summary
Advertising Committee
Monday, July 14, 2014

Vice-Chairman Roy Boswell called the Advertising Committee meeting to order at 12:17 p.m. in Room 702, DMV Headquarters, 2300 West Broad Street, Richmond, Virginia. Present were Committee members Clayton Huber, Art Hudgins, Brian Hutchens and Matt McQueen. (Absent: David Duncan, Ron Kody, Chip Lindsay). Other Board members present: Jacques Moore, Steve Farmer, Joe Tate, Ted Bailey, George Pelton, David Gripshover and Chris Maher. Executive Director Bruce Gould, Peggy Bailey, Frank McCormick, Prin Cowan, Ann Majors and Wanda Neely represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The May 12, 2014 meeting summary was approved.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

Update: Advertising Regulations. Bruce Gould indicated that the re-write of the Advertising Regulations are awaiting approval for printing in the Virginia Register of Regulations. He also stated that a meeting will be conducted at the conclusion of the Full Board meeting to discuss the formation of an Internet Task Force.

OLD BUSINESS FROM THE FLOOR

There was no old business from the floor.

NEW BUSINESS

Review and Action: Informal Fact-Finding Conferences:

- **Motorsport Auto Sales, LLC and Houssam F. Tarabay (Case 1).** On April 21, 2014, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1535 (Advertisements), 46.2-1575 (6) (Having used deceptive acts or practices) and (7) (Knowingly advertising, misleading or deceptive) and 46.2-1581 (8) (Regulated advertising practices). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$750 and satisfactory inspection of all dealer records.

Mr. Tarabay was present and spoke on his own behalf for both cases.

Motion was made by Art Hudgins to accept the hearing officer's recommendation of assessing a civil penalty of \$750 and a satisfactory inspection of all dealer records. Brian Hutchens seconded. The motion carried unanimously.

- **Motorsport Auto Sales, LLC and Houssam F. Tarabay (Case 2).** On April 21, 2014, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1575 (2) (failure to comply with a written warning, or willful failure to comply), (6) (Having used deceptive acts or practices) and (7) (Knowingly advertising, misleading or deceptive) and 46.2-1581 (8) (Regulated advertising practices). Based on the information provided at the conference, the hearing officer recommended a civil penalty of \$250 and a satisfactory inspection of all dealer records.

Motion was made by Clay Huber to accept the hearing officer's recommendation of assessing a civil penalty of \$250 and a satisfactory inspection of all dealer records. Brian Hutchens seconded. The motion carried unanimously.

- **Peruvian Motors, Inc. and Guardia Eduardo S. Jimenez.** On May 14, 2014, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section(s) 46.2-1535 (Advertisements), 46.2-1575 (7) (Knowingly advertising, misleading or deceptive) and 46.2-1581 (8) (Regulated advertising practices). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$4,000, satisfactory inspection of all dealer records and to successfully complete the Dealer-Operator 2-day course for Guardia Eduardo S. Jimenez and Antonio Jimenez.

Motion was made by Art Hudgins to accept the hearing officer's recommendation of assessing a civil penalty of \$4,000, a satisfactory inspection of all dealer records and to successfully complete the 2-day Dealer-Operator course for Guardia Eduardo S. Jimenez and Antonio Jimenez. Clay Huber seconded. The motion carried unanimously.

The next meeting was scheduled for September 8, 2014.

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The meeting adjourned at 12:35 p.m.

Meeting Summary
Transaction Recovery Fund Committee
Monday, July 14, 2014

Chairman Ted Bailey called the Transaction Recovery Fund Committee meeting to order at 12:36 p.m. in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. Present were Committee members: Steve Farmer, David Gripshover, Brian Hutchens, Art Hudgins and Matt McQueen. (Absent: Ron Kody). Other Board members present: Jacques Moore, Roy Boswell, Joe Tate, George Pelton, Clay Huber and Chris Maher. Executive Director Bruce Gould, Peggy Bailey, Prin Cowan, Frank McCormick, Ann Majors and Wanda Neely represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The May 12, 2014 summary was approved.

PUBLIC COMMENT

There was no public comment.

OLD BUSINESS

OLD BUSINESS FROM THE FLOOR

There was no old business from the floor.

NEW BUSINESS

Review and Action: Informal Fact-Finding Conferences:

- **Andre Alexander vs. Bay Auto Wholesale & Joseph Brown and Autos By Choice & Jason D. Adams.**
On August 24, 2010, Mr. Alexander purchased a 2003 Dodge Ram pickup from Bay Auto for \$13,375. At the time of the purchase, Bay Auto certified that the vehicle's odometer reading of 29,586 miles was actual mileage to the best of its knowledge. Before the vehicle purchase became final, Bay Auto requested a vehicle history report on the vehicle from CARFAX, in mid-2011 and it was revealed that the vehicle's actual mileage was substantially more than 29,586. The vehicle's actual mileage at the time of sale was approximately 105,000, in which the vehicle's fair market value at this mileage was \$9,500. After a careful preliminary review, it appeared to staff that Andre Alexander's claim meets the requirement of Virginia Code §46.2-1527.3. In March, 2014, the US District Court/Eastern District of Virginia Norfolk Division awarded Mr. Alexander a default judgment against Bay Auto. The court found that as a result of Bay Auto's violations of the law and fraud, Mr. Alexander suffered damages in the amount of \$3,875 for the diminished value of the truck due to the inaccurate odometer, plus awarded treble punitive damages of \$11,625 since this misrepresentation was deemed to be intentional. In addition the court awarded \$11,343 in attorney's fees, and \$475 in costs. Therefore, due to the statutes governing the Fund the Dealer Board staff is requesting that the Recovery Fund Committee and full Board approve Mr. Alexander's claim in the amount of \$15,693, which is based on the diminished value of the truck in the amount of \$3,875, attorney fees in the amount of \$11,343 and \$475 in court costs. On June 3, 2014, an informal fact-finding conference was conducted and based on the evidence presented at the conference, the hearing officer recommended that a payment of \$15,693 be considered and it was further recommended that Mr. Joseph Brown of Bay Auto Wholesale be allowed to retain his salesperson license.

Motion was made by Steve Farmer to accept the hearing officer's recommendation of approving payment to Mr. Alexander in the amount of \$15,693. David Gripshover seconded. The motion carried unanimously.

NEW BUSINESS FROM THE FLOOR

The next meeting was scheduled for September 8, 2014.

The meeting adjourned at 12:50 p.m.