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Recall Battle Shifts to States

In the tug of war between manufacturers and dealers over the burgeoning volume of recalled vehicles, dealers are applying some muscle at the state level. State dealer associations are going to their legislatures seeking -- and getting -- new protections they say dealers need to cope with the burden of unrepaired vehicles on their lots, especially as the Takata airbag recalls expand. The Virginia and Maryland legislatures have passed bills requiring that dealers be compensated

when used vehicles in inventory are grounded by manufacturers' stop-sale orders. Virginia's bill was enacted in March and will take effect in July; the Maryland legislation, passed in April, is awaiting the governor's signature. More states are expected to follow their lead. Here are highlights of Virginia and Maryland's laws: **Virginia (went into effect July 1, 2016)**

- Requires manufacturers to pay dealers at least 1% of the value of the vehicle per month for a recalled used vehicle that cannot

be immediately remedied if manufacturers would penalize dealers for selling it.

- Requires manufacturers to compensate dealers for recall repairs on the same basis as warranty repairs.
- Prohibits manufacturers from using performance measurements to the detriment of a dealer when the dealer has used vehicles subject to a stop-sale order, and provides relief from performance standards if 5% or more of a dealer's new-vehicle inventory is grounded by law.

Maryland

cont'd on pg. 4

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DMV News

All Dealers: Effective July 1, 2016 the new sales and use tax (SUT) rate increased from 4.1% to 4.15%. Calculation of the increased tax is determined by the purchase date of the vehicle. So vehicles purchased prior to July 1, 2016 pay SUT at the 4.1% rate even if they are titled after July 1, 2016

(i.e., a vehicle purchased June 28th and titled July 10th pays 4.1% SUT). As a reminder, all vehicles must be titled within 30 days to ensure that SUT is paid as required. For years trucks with a gross weight between 7,501 and 10,000 pounds had to be registered as trucks with truck license

plates. However, those vehicles can now have passenger license plates and qualify for personal property tax relief if the vehicle is for personal use. In that case, title the vehicle as a pickup or panel truck rather than truck. See the June issue of Dealer Talk for more information on these and

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Upcoming EVENTS

BOARD MEETINGS

All Meetings are held at DMV Headquarters

2300 W. Broad Street, Room 702 Richmond, VA

Monday, September 12, 2016

Time: 9:00 a.m.

Dealer Practices Committee Meeting

Monday, September 12, 2016

Time: Immediately following Dealer Practices

Licensing Committee Meeting

Monday, September 12, 2016

Time: Immediately following Licensing

Advertising Committee Meeting

Monday, September 12, 2016

Time: Immediately following Advertising

Transaction Recovery Fund Committee Meeting

Monday, September 12, 2016

Time: 10:00 a.m.

Full Board Meeting

NOTE: Meetings may begin later, but not earlier than scheduled.

MVDB will be closed



CLOSED: Monday, September 5, 2016 for observance of Labor Day.

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DMV News

other important legislative changes.

Online Dealers: You may have noticed recent changes to your bundle cover sheets. One of the new requirements listed on the new bundle cover sheet is that you must include the Buyer's Order for each transaction.

DMV has an improved tool that tracks whether or not a dealer submits their bundles in the required time frame. As a reminder Online Dealers have 14-days to submit their bundles after finalizing a transaction. Online Dealers may receive a call or letter if the bundles are submitted untimely.

Dealer Title Holds: DMV allows dealers to title a customer's vehicle with missing documentation by placing a dealer title held on the vehicle. This stops the title from printing until the missing documentation is provided to DMV (e.g., the prior title is held up by the lienholder). Utilizing dealer title holds allows dealers to meet their 30-day titling requirement when they are still missing documentation normally required to title the vehicle.

DMV only offers this to dealers. However, it is the dealer's responsibility to submit the missing documentation. DMV has noticed an increase in dealers not submitting the remaining documentation to remove the dealer title held. Consequently this delays the customer's ability to receive their title, which causes customer frustrations. It may also reflect poorly on the dealership and should be avoided by submitting the required documentation as soon as it is received. DMV will send letters to the dealership, lienholder and customers advising them of the need for additional documentation to release the dealer title held.

Virginia Adds 85 Jobs

Virginia Gov. Terry McAuliffe says a Spanish company that makes metal auto parts is setting up its North American headquarters in Virginia Beach, Virginia.

WAVY-TV in the Tidewater area of Virginia reports that the Barcelona-based SANJO Corte Fino will invest \$17.5 million into the move and create 85 high-paying jobs. McAuliffe said SANJO is among the five biggest facilities in Europe that uses a specific manufacturing process to make the metal car parts. According to a news release, the company exports to 27 countries on four continents. The facility is expected to open its doors within the next three years. McAuliffe added that the firm's presence will help to diversify the Hampton Roads economy.

FTC Deceptive Lease

Following a public comment period, the Federal Trade Commission has approved a final consent order against Progressive Chevrolet Company and Progressive Motors Inc., of Massillon, Ohio, which the FTC charged with deceiving consumers by using advertising that touted low monthly car lease payments and down payments but failed to disclose other key terms of the offers. In November 2015, Progressive Chevrolet Company and Progressive Motors Inc. agreed to settle FTC charges that they failed to properly disclose terms such as credit score requirements and the fact that the payment does not include tax, title, and fees. The consent order, prohibits the dealers from advertising the amount of any monthly payment, down payment, or other payment, unless they clearly and conspicuously disclose all qualifications or restrictions on a consumer's ability to obtain the advertised terms. If the ad states that consumers must meet a certain credit score in order to qualify for the offer and a majority of consumers are not likely to meet the stated credit score, the ad must clearly and conspicuously disclose that fact. The dealers also are barred from misrepresenting the cost of buying or leasing a vehicle, or misrepresenting any other material fact about the price, sale, financing, or leasing of any vehicle. In addition, they are prohibited from advertising a payment amount, or that any or no initial payment is required at lease inception, without clearly disclosing other key terms. The Commission vote approving the final consent order and a letter to the one commenter was 3-0.

Uber and Lyft

It's no secret that automakers are girding for an influx of vehicles returning to the market from lease expirations and rental companies. To manage, they're bulking up certified-used programs and plugging their own online selling sites.

Add a new strategy to the list: providing cars to Uber and Lyft drivers. Ride-hailing services represent a new outlet for carmakers to better manage the flow of late-model used vehicles, potentially putting them to long-term use while generating extra revenue. Some carmakers see a fresh business model in vehicles that traditionally have caused them headaches, typically sold at auction for depressed prices that ultimately harm residual values. General Motors, this spring, began leasing Chevrolet Equinox crossovers, Malibu, and Impala sedans to Lyft drivers in Chicago and several East Coast markets, the start of a nationwide rollout of a program called Express Drive.

The vehicles leased to Lyft drivers "are not necessarily new vehicles. We take them off rental," GM North America CFO John Stapleton told an investment conference last month. "I've already booked the sale, I've already captured the revenue and profit. Now ... they go into this car sharing. So it's almost I get a double benefit in some ways."

The numbers are minuscule at this point. GM sells more vehicles to rental operators in one day on average of fewer than 1,000 vehicles now being leased to Lyft drivers. Still, leasing to ride-hailing drivers could increase sharply in coming years as Lyft, Uber and others expand their networks. In May, Toyota said it will offer flexible leasing options to Uber drivers,

although it's unclear whether those will be new or used vehicles. Finding alternative uses for late-model used vehicles has become a bigger priority for automakers and rental operators amid an expected surge in inventory industrywide, which already has sapped projected resale values. Residual-values forecaster ALG predicts the supply of late-model used vehicles -- five years old or less -- will jump 46 percent by 2020 vs. last year, to 14.5 million.

GM North America President Alan Batey sees the company's Lyft partnership as a way to fill untapped vehicle demand while soaking up some excess inventory of cars rolling off rental lots. Lyft's "biggest challenge is getting enough vehicles. So this is a win-win for us," Batey told *Automotive News* in May. "These are vehicles that would have typically gone into a resale environment. We're now able to put them into a Lyft environment and provide Lyft with more cars."

Rental operators see ride-hailing as a way to extend the life of their outgoing vehicles.

Hertz Global Holdings Inc. last month expanded a partnership to offer rentals to Lyft drivers.

"Ride-sharing drivers don't need new cars. They need lower costs, good car condition, but they don't need low miles," Tague said.

"These cars will probably have another two or three years of life with high-mileage usage."

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Recall Battle

(awaiting governor's signature)

- Requires manufacturers to compensate dealers for vehicles under stop-sale that can't be immediately repaired.
- Prohibits manufacturers from punishing dealers for sharing with customers manufacturer-provided information on any condition that could affect vehicle safety, durability, reliability or performance.

"It's a burden on dealers," said Don Hall, CEO of the Virginia Automobile Dealers Association. "The manufacturers have successfully transferred this to become a global dealer problem." Manufacturers dispute that and condemn the legislative action. One government affairs executive at an automaker said the legislative push is an "overreach" by dealers trying to shift more of their costs onto manufacturers. "You take on certain risks by being a dealer," the executive said. "They make money in lots of ways, but there are costs of doing business." The conflict has escalated in recent months as the volume of Takata airbag recalls grows and parts makers scramble to produce enough replacement inflators. In cases in which manufacturers have

ordered dealers not to sell unrepaired vehicles on their used-car lots, dealers can be stuck with unsalable inventory for months while they wait for parts. At the heart of the dispute is a difference in how the law treats new vehicles vs. used ones. Federal law bars the sale of new vehicles with pending recalls until they are fixed and requires the manufacturer to compensate the dealer if it can't provide repair parts. But there's no such law regarding used vehicles, leaving it up to manufacturers to set policies and decide whether to order a stop-sale. While some manufacturers have programs to compensate dealers for the costs of keeping those used vehicles around, others don't. Moreover, dealers and their advocates say, manufacturers have been vague in the way they word their recall notices and policies, which may expose retailers to liability problems. AutoNation Inc. CEO Mike Jackson described automakers' recall communications and policies as a "tower of Babel." Jackson supports extending the federal law to include used vehicles. But in the absence of consistent national policy on both stop-sales and compensation, he said, dealers can't be blamed for seeking relief at the state level. The Virginia law, he predicted, "will become a template." Hall, the Virginia dealer group chief, said he has spoken to between 30 and 40 of his counterparts in other states about Virginia's legislation, which he said he pursued at the urging of the National Automobile Dealers Association. "They needed somebody to be the point of the spear to get the parts moving," he said. Manufacturer groups say the state-by-state legislative effort will only muddle efforts under way to improve recall completion rates, including a commitment in January by automakers to work with regulators, dealers and other stakeholders to develop more effective recall policies. "We urge state legislatures to allow this ongoing manufacturer-dealer effort to proceed and avoid interjecting legislation at this time," the Alliance of Automobile Manufacturers said in a statement. In an emailed statement, Global Automakers spokeswoman Annemarie Pender called the Virginia and Maryland initiatives "inconsistent with the process already underway to address recall completion rates at the national level." For multibrand Virginia dealer William Farrell, stop-sale orders are a growing expense. He has 21 brands across 12 locations and a lot of cars he can't sell right now. "It keeps getting expanded almost every week," said Farrell, who is also chairman of VADA. "Dealing with all these recalls is a tremendous burden on our business."

Reminders...

As of January 1, 2011, ALL IDO's of independent dealerships must at some point in time, recertify their IDO qualification every three years by either taking an online course, classroom course, or by passing a DMV test. Click [HERE](#) for more information and [HERE](#) to determine your recertification deadline. Please note that dealers with **Franchise** endorsements are exempt from recertification. If you are unclear on your recertification deadline, or any other recertification questions, please contact Ann Majors at the MVDB. She may be reached at 804-367-1100 x 3016, or email at ann.majors@mvdv.org

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What is a Bird-dog Fee?

Virginia law prohibits dealers and salespersons from compensating anyone in connection with the sale of a motor vehicle who is not either licensed as a motor vehicle dealer or a salesperson. Virginia Code Section 46.2-1537 states:

It shall be unlawful for any motor vehicle dealer or salesperson licensed under this chapter, [Dealer Laws] directly or indirectly, to solicit the sale of a motor vehicle through a pecuniarily interested person, or to pay, or cause to be paid, any commission or compensation in any form whatsoever to any person in connection with the sale of a motor vehicle, unless the person is duly licensed as a salesperson employed by the dealer. It shall also be unlawful for any motor vehicle dealer to compensate, in any form whatsoever, any person acting in the capacity of a salesperson as defined in § 46.2-1500 unless that person is licensed as required by this chapter.

The term “bird dog” is used in a number of industries to mean an individual who refers prospective customers to an entity that sells a product. In the motor vehicle dealer industry, a bird dog is an individual who refers prospective customers to a particular dealership or salesperson for a fee (compensation). A prospective customer is a sales lead. So anyone who provides leads (prospective customers) to a dealer is playing the role of a “bird dog”. We all clearly recognize that paying a fee to a soldier to send his fellow soldiers to a dealership is paying a bird dog. We all recognize that giving a gift to a customer for referring their friends and neighbors to a dealership is in fact compensating a bird dog. How about when an internet company

sends you a sales lead and you pay the internet company for the lead? Is this any different from the previous two scenarios? We don’t think so.

One variation on paying a bird dog a fee is that the payment is contingent on a sale being made: The bird dog only gets paid for leads that result in a sale. This variation clearly violates the Virginia Law prohibiting compensating an individual who is not a licensed salesperson. The second variation of paying a bird dog is payment on a per lead basis regardless if the lead results in a sale. In this variation, any lead that does result in a sale is a violation of Virginia law as there is a direct tie between the bird dog providing a lead and the dealership compensating the bird dog. The MVDB has always interpreted Virginia Code Section

46.2-1537 to prohibit unlicensed individuals from receiving payment for leads on a per lead basis since any lead that results in a sale is compensating an unlicensed individual in connection with the sale of a motor vehicle. In 2000, a taskforce that included Dealer Board members; trade association representatives; manufacturers; consumers; the Department of Motor Vehicles; newspapers; third party internet companies; and the Office of the Attorney General concluded in a report dated January 9, 2001 that “. . . licensed motor vehicle dealers may only compensate an unlicensed third-party vendor by a flat payment structure (e.g., per month) rather than per sale, per referral or any other transactional basis.” Dealers who pay third party services for leads must be careful to not run afoul of the law. The Board has consistently stated and provided guidance to dealers and third parties that unlicensed entities can only be paid a flat fee for advertising and for providing leads. Dealers may not pay a third party on a per sale or per lead basis including any variation where a “flat fee” is adjusted periodically for past performance by the dealer or the lead generator related to sales or leads. Dealers must carefully scrutinize contracts with third party services as it is the dealer who is in jeopardy when compensating unlicensed individuals. If you are compensating any unlicensed individuals or companies on a per lead basis or for leads that result in a sale or any variation where a “flat fee” is adjusted periodically for past performance by the dealer or the lead generator, you should discontinue this practice.



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Board Actions

Dealer Practices

Fahad Auto Sales, LLC and Jassam M. Sarhan. On May 12, 2016, an informal fact-finding conference was conducted to address the alleged violations of having been convicted of a 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 \$1,000 and a comprehensive inspection within 6 months.

W & W Auto Sales and Stephen D. Willis, Sr. On May 25, 2016, an informal fact-finding conference was conducted to address the alleged violations of licenses required, dealer records, business hours, acts of Officers, Directors, Partners and Salespersons, and failure to comply subsequent to receipt of a written warning from the Department or Board. Based on the information provided at the conference, the Board assessed a civil penalty of \$2,750 and a 90 day suspension, and a satisfactory inspection by October.

1 Quality Auto, LLC and Abdel-Hamid Khalifa. Was suspended for failing to pay a civil penalty for failure to have insurance on each dealer tag.

Bargain Truck Sales, and Thomas B. Hugill. Paid a \$250 civil penalty for failure to maintain dealer records, and failure to comply with previous warnings.

Car Connection, Inc., and Stephen Belford. Paid a \$250 civil penalty for failure to maintain dealer records, and failure to comply with previous warnings.

Pepes Auto Sales, Inc., and Jorge A. Castillo. Paid a \$1,000 civil penalty for failure to have insurance on each dealer tag.

Tesla Motors, Inc., and Cody Arnett. Paid a \$1,000 civil penalty for conducting business from an unlicensed location.

American Auto Fox, and Said Sadat. Paid a \$2,000 civil penalty for failure to have insurance on each dealer tag.

Auto Alvand Imports, LLC, and Magsoudi Hossein. Paid a \$2,000 civil penalty for failure to have insurance on each dealer tag.

Automax of Virginia, Inc., and Barry J. Adenauer. Paid a \$250 civil penalty for misuse of D-tags.

First Stop Auto Sales Inc., and Paul M. Robinson. Paid a \$750 civil penalty for failure to provide proof of salespersons W-2 employment, and failure to provide proof of safety inspection prior to retail sale.

Charlotte International, Inc., and Khalid S. Almitairi. Paid a \$500 civil penalty for failure to maintain dealer records, and failure to comply with previous warnings.

Freedom Ford of Lebanon, and Earl W. Barnette. Paid a \$250 civil penalty for failure to provide proof of salespersons W-2 employment.

Exclusive Motors, and Michael T. Anderson, Sr. Issued a \$4,500 civil penalty for failure to have insurance on each dealer tag. The dealer failed to pay the civil penalty and the debt has been sent to the debt set-off program.

Collectors Auto Restoration, and James E. Ratcliffe, Jr. Paid a \$1,000 civil penalty for failure to have insurance on each dealer tag.

Blue River Motors, and Michael Ng. Paid a \$2,000 civil penalty for failure to have insurance on each dealer tag.

Car Line, and Ali Esmatullah. Paid a \$250 civil penalty for failure to provide proof of salespersons W-2 employment.

International Auto Sales, Inc., and Raul Jimenez. Failed to pay a \$2,000 civil penalty for failure to have insurance on each dealer tag. The dealer failed to pay the civil penalty and the debt has been sent to the debt set-off program.

Board Actions

The Car Guys, and Stephanie F. Hill. Paid a \$250 civil penalty for failure to provide proof of salespersons W-2 employment.

Car Connection, Inc., and Stephen J. Belford. Issued a \$3,000 civil penalty for failure to have insurance on each dealer tag. The dealer failed to pay the civil penalty and the debt has been sent to the debt set-off program.

W & W Auto Search, and Larry and Deborah Wilson. Paid a \$250 civil penalty for failure to maintain dealer records, and failure to comply with previous warnings.

RGA, and Robert Garten. Paid a \$1,000 civil penalty for failure to maintain dealer records.

County Chevrolet Inc., and Andrew G. Budd. Paid a \$250 civil penalty for failure to provide proof of salespersons W-2 employment.

Dave's Auto Sales, and David Bragg. Paid a \$500 civil penalty for failure to maintain business hours, and failure to comply with previous warnings.

Mario's Motors, Inc., and Mario Cabrera, Jr. Paid a \$500 civil penalty for failure to maintain business hours failure to comply with previous warnings.

Virtuous Motors, LLC, and Khaliq Shabazz. Paid a \$750 civil penalty for failure to maintain business hours failure to comply with previous warnings.

DFS Auto Group, LLC, and Fraydune F. Beg. Suspended and subsequently sent to the debt set-off program for failure to pay a \$500 civil penalty assessed for failure to maintain business hours failure to comply with previous warnings.

17 Auto Sales and Repair, LLC, and Derrick Washington. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings.

Avon Motors, and Gregory Love. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings.

Empire Auto Sales, and Nellie Murray. Paid a \$500 civil penalty for failure to maintain business hours failure to comply with previous warnings.

E T Automotive, and Earl Jacobs. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings.

North End Motors, LLC, and Hassan E. Ali. Paid a \$500 civil penalty for failure to maintain business hours failure to comply with previous warnings.

M C E Auto Sales, and Jerry Jennings. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings.

Capitol Auto Sales, Inc., and Walter Nunez. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings.

C W Williams and Company, and James Edwards. Paid a \$250 civil penalty for failure to maintain business hours failure to comply with previous warnings, provide proof of salespersons W-2 employment.

Licensing

Samuel Ariondo, Salesperson. On April 14, 2016, an informal fact-finding conference was conducted to address the alleged violations of having made a material misstatement, deceptive acts or practices, and having been convicted of a felony. Based on the information provided at the conference, the Board assessed a civil penalty of \$5,000.

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Board Actions

Joseph C. Nelson, III, Salesperson. On April 27, 2016, an informal fact-finding conference was conducted to address the alleged violations of having made a material misstatement, having used deceptive acts or practices, and having been convicted of a criminal act involving the business of selling vehicles. Based on the information provided at the conference, the Board assessed a \$11,000 civil penalty

Rodney Hubbard, Salesperson. On January 19, 2016, an informal fact-finding conference was conducted to address the alleged violations of defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the licensee's or registrant's business, having used deceptive acts or practices, having been convicted of a felony, and failure to submit to the Department, within 30 days from the date of sale, any application, tax, or fee collected for the Department on behalf of a buyer. Based on the information provided at the conference, on February 29, 2016, Mr. William Childress, Executive Director denied Mr. Hubbard's application. On March 2, 2016, the Dealer Board received Mr. Hubbard's appeal for a formal hearing. On May 24, 2016, a formal hearing was conducted to address the above alleged violations of the VA Code. Based on the information provided during the hearing, the Board revoked Mr. Hubbard's dealer-operator qualification, but allowed him to apply for his sales license.

Advertising

American Auto Fox, and Shakila Sadat. On May 25, 2016, an informal fact-finding conference was conducted to address the alleged violations of misleading advertising and regulated advertising practices. Based on the information provided at the conference, the Board assessed a civil penalty of \$250.

My Car, and Tahidul Alam. On May 23, 2016, an informal fact-finding conference was conducted to address the alleged violations of misleading advertising. Based on the information provided at the conference, the Board issued a written warning for possible code violations and a satisfactory inspection by January 2017.

Mike Auto Sales, and Luai Abualya. On June 9, 2016, an informal fact-finding conference was conducted to address the alleged violations of misleading advertising and regulated advertising practices. Based on the information provided at the conference, the Board assessed a civil penalty of \$4,000 and a satisfactory inspection by January 2017.

Morgan McClure Chevrolet GMC, and Timothy Morgan. Paid a \$750 civil penalty for an advertisement placed on Craigslist under category "owner" instead of category "dealer" which is considered to be misleading. Also, the dealership failed to disclose the name of the dealership or VADLR and disclosed a phone number that is not listed on record as the dealership number.

Express auto Sales, and Imran Sardar. Paid a \$250 civil penalty for advertising vehicles on Craigslist under the category "owner" when the advertisements should be placed under the category "dealer". By placing vehicles under the category "owner" it is considered to be misleading. The dealer failed to disclose the processing fee in the advertisements, and the Craigslist advertisement failed to disclose the name of the dealership or VADLR.

NOTE: Depending on the circumstances, all Board Actions may be appealed to Circuit Court, or for an administrative hearing.

For prior issues of Dealer Talk click [HERE](#)

IMPORTANT NOTICE TO PROSPECTIVE DEALERS

The path to a Dealer-Operator license begins with a required two-day course of study each month at various community colleges in Virginia with the curriculum and instruction provided by VIADA.

The course takes the attendee from establishing the dealership under local zoning and Dealer Board requirements, through the sales process with its multitude of forms, laws and regulations, in to a sampling of opening and operating expenses, and ending with a discussion on ethics.

The course is open to all existing dealers and their employees.

Date	College	Contact Information
2016		
Aug 09-10	Tidewater Community College Suffolk	Registration 757-822-1234 www.tcc.edu/wd
Aug 23-24	Piedmont Virginia in Charlottesville	Registration 434-961-5354 www.pvcc.edu
Sep 13-14	Lord Fairfax Community College in Warrenton	Registration 540-351-1524 www.lfccworkforce.com
Sep 20-21	J Sargeant Reynolds in Henrico/Richmond/Parham Rd	Sandy Jones 804-523-2293 www.ccwa.vccs.edu
Oct 11-12	Northern Virginia in Reston	Claire Wynn 703-450-2551 www.nvcc.edu/loudoun/continuing
Nov 01-02	Blue Ridge Community College in Weyers Cave	Registration 540-453-2215 www.brcc.edu
Nov 15-16	Germanna Community College Fredericksburg	Registration 540-937-2913 www.germanna.edu/workforce
Dec 06-07	Lord Fairfax Community College in Middletown	Registration 540-868-7021 www.lfccworkforce.com

Beepi, Shift, Carvana, and Vroom

Will consumers buy used vehicles sight unseen from people they don't know? They will if the deal goes through a third party they trust, and if the vehicle is inspected and comes with a no-questions-asked, 10-day money-back guarantee, said Owen Savir. Savir is a co-founder of Beepi, a Silicon Valley startup that is tapping technology to challenge used-vehicle retailing's status quo. Beepi is one of a growing list of companies including Shift, Carvana and Vroom. Don't let the clever, one-word names fool you. These companies aim to take a bite out of the used-vehicle retail industry's lunch. Their business models vary, but all operate online marketplaces that promise vehicles that are inspected, reconditioned, financed and delivered -- often to customers' driveways -- with money-back guarantees. Most don't disclose sales numbers, and most are still regional operations. But they allow consumers to bypass dealerships when buying or selling a used car or truck. Shift operates as a conduit for consumers buying and selling used cars and trucks, mainly in San Francisco, Los Angeles and Washington, D.C., Russell said. Shift's document operations team helps consumers transfer a title and register with the department of motor vehicles. The company arranges financing and vehicle service contracts with partner companies, and launched its own captive, Shift Finance, this spring. The company has lending licenses in states in which it does business.

Beepi

Business model: Beepi facilitates the seller-buyer transaction. Beepi inspects the vehicle and discloses

findings online. Seller keeps the vehicle until it is sold; buyer doesn't get to drive it until purchasing it. Beepi inspects the vehicle again just before delivery, guarantees it and delivers it. **Return policy:** 10-day/1,000-mile, money back

Vroom

Business model: Vroom owns the vehicles it offers for sale, reconditions them and houses them in two retail centers: Dallas and Houston. A third center is scheduled for Indianapolis this year. Buyer doesn't get to see or test drive the vehicle until taking delivery — unless the purchaser is in Dallas or Houston.

Return policy: 7-day/250-mile, money back

Shift

Business model: Shift takes posses-

sion of a seller's vehicle and offers it for sale on the seller's behalf. An online shopper may click to have a vehicle delivered by a “car enthusiast” who accompanies the shopper on a test drive, answers questions about the vehicle and handles the transaction if the shopper buys.

Return policy: 7-day/250-mile, money back

Carvana

Business model: Carvana is known for its coin-operated vending machines that deliver vehicles in Nashville and Atlanta. A buyer may pick up a vehicle or have it delivered. Carvana owns the vehicles its offers for sale and spends an average of \$1,000 on each for parts, labor and reconditioning.

Return policy: 7-day/400-mile, money back

What's Wrong With This Picture?



This dealer did not notify the Board prior to closing.

During the summer vacation season please remember to notify the Board **prior to closing**— even if you are closing just for one day. Another important reminder is that the dealership is only allowed to close a total of 20 days per year.

Prior to full day (or more) closures, please notify dboard@mvdv.virginia.gov

MOTOR VEHICLE DEALER BOARD

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DISCLAIMER: We make every effort to ensure information in Dealer Talk is accurate, but it is not a substitute for legal advice.

MVDB Mission Statement

The Motor Vehicle Dealer Board will administer sections of the Commonwealth's Motor Vehicle Dealer Laws and regulations as charged; while providing a high level of customer service for the automotive consumer and dealer community.



Electronic Voter Registration at DMV



Virginia officials are trying to make it easier to sign residents up to vote. Gov. Terry McAuliffe announced that starting in July, residents will be able to apply electronically for voter registration at Department of Motor Vehicle service centers and mobile offices. Residents have been able to apply to register to vote at DMV locations since 1996. They currently have to fill out a paper application, which is then sent to the Department of Elections. McAuliffe says allowing residents to apply electronically will cut down on the time DMV employees spend printing, sorting and mailing voter applications. The governor says residents will also be able to update their address with the Department of Elections on the DMV's website instead of having to fill out a paper voter application.

For complete information, please click on the graphic logos on the left.

