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FTC

Given a choice between returning their vehicle to VW or Porsche in exchange for compensation, or having the car modified to comply with clean-air rules, more than 86 percent of those who concluded the claims process chose to return their car through a buyback or early lease termination, the FTC noted in a Final Status Report filed with the U.S. District Court for the Northern District of California.

"Most important, the FTC orders and related private class settlements provided redress sufficient to compensate consumers fully," the FTC said in the report.

The FTC's final report to the court marks the end of the largest consumer redress program in U.S. history, set up in 2016 and 2017 to compensate purchasers and lessees of more than 550,000 deceptively marketed "clean diesel" VW and Audi cars. In a complaint filed in federal court in March 2016, the FTC alleged that Volkswagen's seven-year ad campaign was based on false claims that the cars were low-emission, environmentally friendly, met emissions standards, and would maintain a high resale value. In reality, however, the cars were fitted with illegal emission defeat devices designed to mask high emissions during government tests.

The FTC orders settling the case, approved in conjunction with class action plaintiffs, required payments to consumers that included compensation for their vehicles' full retail value, plus all other losses they suffered because of the deception, such as time spent shopping for new vehicles, sales taxes and registration fees, and the additional amount consumers paid for a low-emissions vehicle feature.

In addition to the FTC order on consumer redress, the Department of Justice and the Environmental Protection Agency obtained court orders providing billions more for environmental relief.

In the final report, the FTC reported to the court that despite the large volume of claims, Volkswagen had "successfully managed the settlement administration process effectively," working together with a court-appointed independent claims supervisor tasked with monitoring compliance.

Upcoming EVENTS

BOARD MEETINGS

In person meetings are held at
DMV Headquarters
2300 W. Broad Street, Room 702
Richmond, VA

Monday, September 14, 2020**

Dealer Practices Committee Meeting

Time: 9:00 a.m.

Licensing Committee Meeting

Time: Immediately following Dealer Practices Committee

Advertising Committee Meeting

Time: Immediately following Licensing Committee

Transaction Recovery Fund Committee Meeting

Time: Immediately following Advertising Committee

Full Board Meeting

Time: 10:00 a.m. or 5-15 minutes immediately following Transaction Recovery Fund Committee meeting.

**Click [HERE](#) for Virginia Town Hall to view meeting information.

MVDB will be closed



◆ Labor Day, Monday, September 7, 2020

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Letter from Peggy Bailey

I have been the Program Manager for the Virginia Motor Vehicle Dealer Board (Board) for the past 25 years. Some of my responsibilities included ensuring multiple types of applications submitted by dealers and salespersons were processed. I managed the daily operations of the Board's office, which included nine employees. I was the Board's advocate at dealer and salesperson's informal conferences and formal hearings. I was a liaison to the Department of Motor Vehicles (DMV) working with their headquarter employees, the Customer Service Centers, Customer Select offices and Information Technology. Also, I was one of the original DMV employees hired when the Board was created by legislation in 1995.

Prior to employment with the Board, I began my career at DMV on August 1, 1973. I believe my management style and work ethic were influenced by the "upbringing" I received from my 22 years at the DMV. Those years at DMV were tough at times, but it taught me to always arrive to work on time, don't complain, be grateful for your job and get it done, work late if you have to, be diligent in your focus, manage your responsibilities, and above all else treat your customers, and your fellow employees the way you want to be treated. If you have to compromise, do so on the side of the law, never regret a decision that you made that was well thought out, and gave you peace when you laid down to rest. It was difficult, but I learned to respect differences of opinion, and if within my power, I would use common sense to resolve the issues that at times plagued the dealer community.

Some of my responsibilities at DMV were to research and recovery of titles, certification officer, consumer resolutions specialist, dealer advertising analyst, and the Motor Vehicle Transaction Recovery Fund analyst, division secretary to the manager of dealer services, office manager within the telephone work center, and office manager of the dealer services center. I was selected to serve as a member of the Automotive Consumer Action Program in conjunction with the Washington Area New Automobile Dealers Association.

One of the most memorable, and scary moments was when Commissioner Holcomb approached me, and said, "Peggy, have I got a job for you!" He began to lay out the plan for the creation of Virginia's Motor Vehicle Dealer Board. The Commissioner emphasized that currently, there is no other DMV that he knew of that had such a Dealer Board. At this point, he turned to me and said, "You will be in a fish bowl. At times, you will have to contend with people saying we have the fox guarding the henhouse. We have to prove them wrong, by showing that we can find that balance, and make it work for the good of the dealers and consumers". Over the years, those words have rung in my ears, and guided my thoughts and processes. And then the clincher, "I have sold this idea to the Secretary who has sold it to the Governor, and you must make this work, my reputation is at stake." And, so with those words of encouragement, we created a better way of working with and regulating the dealer community, and at the same time protecting the consumers in the Commonwealth.

Although, my 47 year work career may be ending on August 24, 2020, the other half of my life is just beginning. My husband, Reggie and I are car enthusiasts, we own a 1955 Chevy Bel Air that is driven to car shows in Virginia, Tennessee, North Carolina, South Carolina, Kentucky, Maryland and Florida. Reggie is currently building two muscle car restoration projects, a 1972 El Camino SS and a 1972 Chevelle SS (the original Heavy Chevy). We are lifelong residents of Chesterfield County. We have two sons, and 4 granddaughters and one grandson.

I am, and will always be grateful for the opportunities that have been afforded to me over these many years from the DMV and the Board. For those dealers, and you know who you are, thank you for the confidence that you so graciously gave me, for the words of encouragement that inspired me daily, and most importantly your friendship.

I will miss you greatly, and remember you fondly.

With kindest regards.

Peggy

Salesperson Licensing

The Board is taking some administrative steps to reduce the time it takes for a salesperson to start selling after the dealership has submitted a fully completed MVDB 61 Salesperson Application. Once the Board receives and processes the sales license application, the dealer may visit our website and be able to see all salespersons assigned to their dealership. Our website dealer search function is updated every morning and reflects all the licensed salespersons assigned to a dealership. This search function should allow a dealer to see when a salesperson has a valid sales license assigned to their dealership. Click [HERE](#) for our dealer search function on our website pictured below.

The screenshot shows the Virginia Motor Vehicle Dealer Board (MVDB) website. The header includes the Virginia.gov logo, navigation links for Online Services, Agencies, Governor, and Help, and a Search Virginia.Gov button. The main navigation bar features links for Home, About Us, Resources, Consumers, Dealers, Dealer-Operators, and Salespersons. The breadcrumb trail reads: Home >> Consumers >> Search Active Dealers.

The main content area is titled "Search Active Dealers" and includes the instruction: "To find an active Virginia Motor Vehicle Dealer, and it's licensed Salespersons, please use the Search Form below."

The search form is titled "Search Active Dealers" and contains two sections:

- Search By:**
 - ☒ Dealership Name
 - ☐ Dealership Certificate Number
 - ☐ Owner Name
 - ☐ City/County
 - ☐ Zip Code
 - ☐ Address
- Search Criteria:**

A "Search Active Dealers" button is located below the search criteria field. A note at the bottom of the form states: "(Data is updated each day at 8:30am EST.)"

The footer of the website includes a navigation bar with links: Home | About Us | Resources | Agency Directory | Consumers | Dealers | Dealer-Operators | Salespersons. On the right side, contact information for the Motor Vehicle Dealer Board is provided: 2201 W. Broad Street Suite 104, Richmond, VA 23220, Phone: (804) 367-1100, Fax: (804) 367-1053.

Proof of Safety Inspection

Some dealers have failed to provide proof of state safety inspection for their retail sales as required by Virginia Code. Recent MVDB field inspections revealed that many dealers mistakenly believed they could access the safety inspection information online from the Virginia State Police, only to find that the inspection record was not available. Safety inspection records can only be accessed for a limited amount of time. To ensure the dealer retains documentation of the safety inspection, the Board recommends dealers make a photocopy of the inspection certificate and maintain a copy with their dealer records. Creating a photocopy or scanned document of the safety inspection certificate ensures the dealer will always be able to provide proof of safety inspection prior to retail sale, as is required in Virginia Code 46.2-1529, dealer records. Virginia Code 46.2-1539 states in part that a dealer shall safety inspect a vehicle between the time the vehicle comes into the possession of the dealer and the time the vehicle is sold at retail.

FTC Auto Buyers Study

Two new staff reports from the Federal Trade Commission highlight some of the challenges and confusion consumers can face in buying and financing a car, particularly relating to charges for add-on items after the initial price negotiation that can lead to them paying more than expected. The reports are based, in part, on a study of auto buyers conducted by the FTC that consisted of in-depth interviews with 38 consumers about the car buying and financing process.

A [staff report from the FTC's Bureau of Consumer Protection](#) (BCP) notes a number of issues that arose in the study, from the advertising that draws consumers in through the entire car buying experience. The BCP report notes that consumers were sometimes not aware of key terms of sales and financing contracts, and it points in particular to issues that potentially keep them from having an accurate picture of the amount they are paying. One issue noted was focusing on monthly payments rather than considering other important terms as well, like the total price of the vehicle and the amount and length of the financing. The later stages of the buying and financing process, including the sale of "add-ons" like extended warranties, service plans, and GAP (guaranteed asset protection), and meeting with the dealer's financing office for additional negotiations after seemingly negotiating a price with a salesperson, also present issues, according to the report. When it comes to add-ons, the BCP report notes a number of issues that caused consumers significant confusion in the study, including limited or no discussion of charges for add-on products in the contracts, questions about whether the add-ons are a mandatory part of the purchase or financing, and unexpected limitations on add-on products such as extended warranties or service plans. The BCP report also cites issues after consumers negotiate a price with the dealership sales staff and are sent to meet with the "finance and insurance" office, pointing to multiple instances in the study where the previously negotiated price was changed during this process. The report notes that dealers should honor discounts and sales terms promised to consumers through the entire sales process, or not make them in the first place. The report also states that consumers were at times not aware of the terms they had agreed to, with some only discovering key elements of their contracts while reviewing the documents as part of the FTC study. The report notes that the sheer length of the car sales process can overwhelm consumers and make it difficult for them to adequately review the paperwork presented to them.

A [companion report about the study](#) is issued jointly by BCP and the Commission's Bureau of Economics (BE). The joint report provides a detailed description of the study's methodology and analysis of the results of the in-depth consumer interviews, as well as a discussion of how the study fits within the existing framework of academic research into the car buying and financing processes. The report analyzes the responses collected in the study and how they compare to existing literature about how consumers move through the car-buying process. The BCP-BE report also includes a number of overall lessons from the study regarding consumers' approaches to the car purchasing and financing process and their understanding of many elements of the process. It notes a number of areas where consumers did not understand the process, including what terms were negotiable, the purchase process and terms and conditions of add-ons, and other important terms included in transaction paperwork.

DMV Fees

Earlier this year, a comprehensive transportation package to create sustainable funding for transit, rail, and roads, invest in systemic safety improvements, and support a multimodal system in Virginia was passed by the General Assembly and signed into law by Governor Ralph Northam. As part of the funding changes, which include increasing the statewide gas tax by five cents this year and next, and the implementation of a highway use fee, the bill also reduces vehicle registration fees by \$10, which reflects a 25% reduction for most Virginians. Customers whose vehicle registrations expire in July will see the fee reduction reflected in their renewal notices, which the Virginia Department of Motor Vehicles (DMV) began issuing in late May. The annual base registration fees are reduced as follows: Please click [HERE](#) for the new DMV fees.

Please be sure to update your DMS software systems to reflect the new fees, and be sure your buyers orders calculate the correct fees on July 1, 2020. If you do not use a software system to calculate your buyers order fees, it is still the dealer's responsibility to ensure the fees are calculated correctly.

A Better Vantage Point

When everything runs smoothly, it's beautiful. But the opposite of beautiful is ugly.

Customer complaints that are posted online can appear to be terribly ugly. But underneath, if you are paying attention to them, they can actually save you money, make your operation better, point out the bad apples, and hone your policies and procedures. I would say, in their own way, they are "beautiful." My argument is below.

DealerTalk recently published an article about Bronx Honda. On the FTC website, at the bottom of the press release is a little-noticed statement: "**NOTE:** The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest."

The regulators are watching and they should be. There are two sides to every story, but it appears that Bronx Honda was not doing the right things. If the FTC has "reason to believe" that you are being deceptive or not treating your customers fairly, then they will come knocking on your door. They are there to help the public and to keep you on the right path.

Regulatory issues almost always start with customer complaints. Class action lawsuits often start when two people get together because they were "screwed by the dealer." I know of one class action that started with two ladies sitting next to each other in church.

So, what are the best practices here? And how do you avoid regulator scrutiny?

Daily, a designated service or employee should look at Facebook, your Google reviews, Dealerrater.com, Yelp, Reputation.com, My3cents.com, Ripoffreport.com, and Pissedconsumer.com. In addition, there are about 30 other websites that you should assign for review. Quick response is a key component for success for reputation protection.

Consider hiring a monitoring agency to help you with these issues. They can help you with reputation repair and the daily maintenance work. Employees can do this work but, (1) they are not objective which is very important, and (2) an employee will not respond well to inflammatory complaints as well as a third party. This will help you with your peace of mind.

This service should report to a senior manager first thing in the morning if there are any bad reviews. Since the customers rarely use their names in the online posting, the manager should "Sherlock Holmes" who it is and reach out immediately by telephone to resolve the issues.

From a claims perspective, the first loss is always the best (and least expensive) loss. If you ignore it, the customer will become more upset and often will post the same complaint on multiple sites. So, an unresolved problem can hurt your reputation and your precious "star ratings," too. Recent surveys show that the majority of customers read reviews before they buy from a dealer.

Concurrently with calling, the manager should post a non-defensive responsive asking the customer to reach out to get his/her problem resolved. In my next column, I will discuss how to do this without being defensive.

This is a lot of daily work and should happen seven (7) days a week. It will prevent small problems from becoming big problems. If you listen to the complaints, and really hear them, you will hear which employees should be counseled. Perhaps there are policies in place which are not customer-friendly? Customers will teach you about your business. And isn't that a beautiful thing? <https://bettervantagepoint.com/>

Cloth Face Covering Do's & Don'ts:

DO:

- ✓ Make sure you can breathe through it
- ✓ Wear it whenever going out in public
- ✓ Make sure it covers your nose and mouth
- ✓ Wash after using

DON'T:

- ✗ Use on children under age 2
- ✗ Use surgical masks or other personal protective equipment (PPE) intended for healthcare workers



cdc.gov/coronavirus

Board Actions

Dealer Practices

Informal Fact-Finding Conferences:

Urban Auto Connection, LLC and Mohamed B. Nimaga – On March 24, 2020, an informal fact-finding conference was conducted to address the alleged violations of failure to maintain dealer records, proof of safety inspection prior to retail sale, and failure to comply with previous warnings. Based on the information provided at the conference, the Board mandated a satisfactory inspection within 90 days. Mr. Nimaga may appeal to a Formal hearing.

Administrative Actions:

Grab N Go auto Sales & Rental, and Kenyan D. Crawley. Paid a \$250 civil penalty for failure to maintain dealer records, and proof of safety inspection prior to retail sale.

Priority Nissan Chantilly, and Dennis Ellmer. Paid a \$6,500 civil penalty for unlicensed salespersons.

District Performance LLC and Ammar Khalid Ghariani and Yasi Ghariani. Suspended for failure to pay a \$250 civil penalty for failure to maintain dealer records.

A & Z Motors LLC and Mohammad Zubair Kakar. Paid a \$2,000 civil penalty for failure to maintain dealer records, and proof of safety inspection prior to retail sale.

B & R Auto Sales, LLC and Benjamin E. Brown. Paid a \$250 civil penalty for failure to maintain dealer records, and misuse of dealer tags.

Advertising

Administrative Actions:

Nation Motors LLC and Luis Munayco. Paid a \$250 civil penalty for deceptive or misleading advertising.

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

Reminders...

ALL IDO's of independent dealerships must recertify their IDO qualification every three years by either taking an online course, classroom course, or by passing an administered 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@mvdb.virginia.gov

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, into a sampling of opening and operating expenses, and ending with a discussion on ethics. The course is also open to all existing dealers and their employees.

THE FOLLOWING COURSES ARE REGISTERED THROUGH VIADA,

CALL 1-800-394-1960 to register or visit viada.org

2020

Date:	Location:	Address:
August 11-12 (rescheduled from July 14-15)	Comfort Suites Manassas	7350 Williamson Blvd, Manassas, VA 20109
September 15-16	TBD	
September 29-30	Comfort Suites Fredericksburg	4615 Southpoint Parkway, Fredericksburg, VA 22407
October 13-14	Comfort Inn Suites – Manassas	7350 Williamson Blvd, Manassas VA 20109
October 27-28	Comfort Inn Monticello	2097 Inn Dr, Charlottesville, VA 22911
November 3-4	Hampton Inn	Hampton Inn – 3101 Coliseum Dr, Hampton, VA 23666
November 17-18	Comfort Suites Fredericksburg	4615 Southpoint Parkway, Fredericksburg, VA 22407
December 8-9	TBD Henrico, VA 23228	



Please click [HERE](#) or on the graphic on the left to view our Dealership Education videos!

More videos will be uploaded on an ongoing basis, so stay informed and receive notifications when new videos are released. The MVDB Education video library will eventually cover a wide range of topics that Dealerships can use to remain compliant with Virginia Code.

You may also access these videos from a link on our website Home page.

BE SURE TO SUBSCRIBE TO OUR [MVDB CHANNEL!](#)

MOTOR VEHICLE DEALER BOARD

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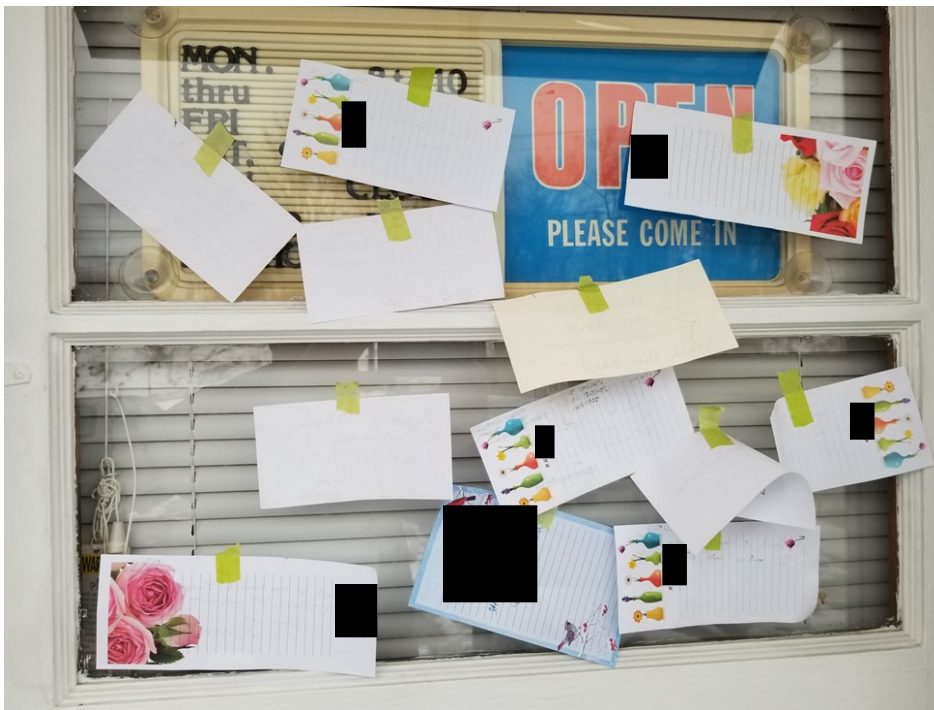
DISCLAIMER: We make every effort to ensure information in Dealer Talk is accurate, but it is not a substitute for legal advice.



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What's Wrong With This Picture?



The Board understands that during this time of Covid-19, business hours may be disrupted. However, as a “pro-tip” you should use the [MVDB 40](#) Temporary Closing Notice. This notice allows dealers to inform the Board as well as inform the public how long you will be closed and when you will return. Also make sure your notice is clear and conspicuous so as not to confuse your customers. Don’t forget to email dboard@mvdb.virginia.gov to let us know of your temporary closure before you post the MVDB 40 for your customers. For the full guidance document regarding business hours, click [HERE](#), or visit [\\$46.2-1533](tel:8043671533).

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