

Meeting Summary
Motor Vehicle Dealer Board
Monday, September 12, 2016

Chairman Rick Holcomb called the Dealer Board meeting to order at 11:59 a.m. in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. The roll was called and there were Board 17 members present. Present were members Ted Bailey, Liza Borches, Michael Bor, Gardner Britt, David Duncan, Steve Farmer, Robert Fisher, David Gripshover, Clay Huber, Ron Kody, Chris Maher, Geoff Malloy, George Pelton, Senior Saghafi, Maurice Slaughter and Joe Tate. (Absent: Matt McQueen and Jacques Moore). Executive Director William Childress, Peggy Bailey, Lisa Mack-Nelson and Ann Majors 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 July 11, 2016 meeting summary was approved.

STATUTORY COMMITTEE REPORTS

Dealer Practices Committee:

Chairman Ron Kody summarized discussions held and actions that were taken during the Committee Meeting.

- **Wally's Wholesale and Walter Werness.** Chairman Kody 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 Wally's Wholesale and Walter Werness for alleged violations of Va. Code sections §46.2-1547 and 46.2-1575 (1). Based on due consideration, the Board believes that the following actions should be taken against Wally's Wholesale and Walter Werness; assessed a civil penalty of \$1,000; and given a written warning. The Board mandates that Wally's Wholesale and Walter Werness hereby be assessed a civil penalty of \$1,000 and issued a written warning.

Joe Tate seconded. All in favor: 16 (Holcomb, Kody, Tate, Bailey, Borches, Bor, Britt, Duncan, Farmer, Fisher, Gripshover, Huber, Malloy, Pelton, Saghafi and Slaughter. Opposed: 1 (Maher). The motion carried.

- **American Eagle Auto Group, LLC and Ayman S. Ibrahim.** Chairman Kody 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 American Eagle Auto Group, LLC and Ayman Ibrahim for alleged violations of Va. Code sections §46.2-1508 , 46.2-1529, 46.2-1561, 46.2-1575 (1), (6) and (7). Based on due consideration, the Board believes that the following actions should be taken against American Eagle Auto Group, LLC and Ayman Ibrahim; assessed a civil penalty of \$11,000 and revoke all licenses issued by the Board to American Eagle Auto Group, LLC and Ayman Ibrahim. The Board mandates that the American Eagle Auto Group, LLC and Ayman Ibrahim hereby be assessed a civil penalty of \$11,000 and revocation of all licenses issued by the board to the American Auto Eagle Group, LLC and Ayman Ibrahim.

Chris Maher seconded. All in favor: 15 (Kody, Tate, Borches, Britt, Duncan, Farmer, Fisher, Gripshover, Huber, Malloy, Pelton, Saghafi and Slaughter. Opposed: 2 (Holcomb and Bor). The motion carried.

- **JJ Imports, LLC and Jahanzaib Raja.** Chairman Kody 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 JJ Imports and Jahanzaib Raja for alleged violations of Va. Code sections §46.2-1529, 46.2-1539, 46.2-1447, and 46.2-1575 (1). Based on due consideration, the Board believes that the following actions should be taken against JJ Imports, LLC and Jahanzaib Raja; this case is remanded back to the Hearing Officer for further investigation. The Board mandates that this case shall be remanded back to the hearing officer for further investigation.

George Pelton seconded. The motion carried unanimously.

- **A&R Motors, LLC and Zuhair J. Ramadan.** Chairman Kody 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 A&R Motors, LLC and Zuhair Ramadan for alleged violations of Va. Code sections §46.2-1561. Based on due consideration, the Board believes that the following actions should be taken against A&R Motors, LLC and Zuhair Ramadan; assessed a civil penalty of \$250 and Zuhair Ramadan shall successfully complete the dealer-operator course March 12, 2017. The Board mandates that A&R Motors, LLC and Zuhair Ramadan hereby be assessed a civil penalty of \$250 and that Zuhair Ramadan shall successfully complete the dealer-operator course by March 12, 2017. The Board that failure to successfully complete the dealer-operator course by March 12, 2017 will result in suspension of all licenses and certificates issued to A&R Motors and Zuhair Ramadan by the Board until such time A&R Motors and Zuhair Ramadan successfully comply with the Board's mandates.

Robert Fisher seconded. The motion carried unanimously.

- **Jack's Motor Car Corporation and Jack Nasser.** Chairman Kody 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 Jack's Motor Car Corporation and Jack Nasser for alleged violations of Va. Code sections §46.2-1529, 46.2-1547 and 46.2-1575 (1). Based on due consideration, the Board believes that the following actions should be taken against Jack's Motor Car Corporation; issued a written warning for violation of §46.2-1529. The Board mandates that Jack's Motor Car Corporation and Jack Nasser hereby be issued a written warning for violation of §46.2-1529.

Liza Borches seconded. The motion carried unanimously.

- **Frontline Motors and Mathew Gwangwaa.** Chris Maher made the following substitute 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 Frontline Motors and Mathew Gwangwaa for alleged violations of Va. Code sections §46.2-1515, 46.2-1529, 46.2-1537, 46.2-1539, 46.2-1574, and 46.2-1575 (2) and (6). Based on due consideration, the Board believes that the following actions should be taken against Frontline Motors and Mathew Gwangwaa; assessed a civil penalty of \$ 8,000; and revoke all licenses issued by the Board to Frontline Motors and Mathew Gwangwaa. The Board mandates that Frontline Motors and Mathew Gwangwaa hereby be assessed a civil penalty of \$8,000 and revocation of all licenses issued by the Board to Frontline Motors and Mathew Gwangwaa.

Ted Bailey seconded. All in favor: 16 (Bailey, Bor, Borches, Britt, Duncan, Farmer, Fisher, Gripshover, Huber, Kody, Maher, Malloy, Pelton, Slaughter and Tate). Opposed: 1 (Saghafi). The motion carried.

NOTE: Original motion made by Ron Kody and seconded by Joe Tate was \$13,000 and revocation of all licenses and certificates.

Licensing Committee

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

Advertising Committee

Chairman Duncan summarized discussions that were held during the Committee Meeting.

- **National Motors Dealer, Inc. and Lida N. Berekzi and Amin Berek.** Chairman Duncan indicated that this issue is tabled to the November meeting.
- **Speedy Cars, Inc. and Michael L. Stanley.** Chairman Duncan 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 Speedy Cars Incorporated and Michael Stanley 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 that the following actions should be taken against Speedy Cars Incorporated and Michael Stanley; impose no penalty. The Board mandates that no penalty be imposed on Speedy Cars Incorporated and Michael Stanley.

Joe Tate seconded. The motion carried unanimously.

- **Joe’s Blvd Auto Sales, LLC and Yousef Abualia.** Chairman Duncan 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 Joe’s Blvd Auto Sales and Yousef Abualia for alleged violations of Va. Code sections §46.2-1508 , 46.2-1575 (7). Based on due consideration, the Board believes that the following actions should be taken against Joe’s Blvd Auto Sales and Yousef Abualia; assessed a civil penalty of \$1,000. The Board mandates that Joe’s Blvd Auto Sales and Yousef Abualia hereby be assessed a civil penalty of \$1,000.

Joe Tate seconded. The motion carried unanimously.

Transaction Recovery Fund Committee

Chairman Chris Maher summarized discussions held and actions that were taken during the Committee Meeting.

- **(1) Kenneth Cobbs vs. A & R Automobile Sales, LLC and Nidal Ramadan and (2) James T. Passmore vs. Today’s Auto and Eldon Lee Smith.** Chairman Maher summarized for the Board the discussion held in the committee meeting regarding Kenneth Cobbs vs. A & R Automobile Sales, LLC and Nidal Ramadan and James T. Passmore vs. Today’s Auto and Eldon Lee Smith. Based on that discussion and the recommendations in these cases, Mr. Maher 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 below claims should be paid:

Kenneth Cobbs vs. A & R Automobile Sales, LLC & Nidal Ramadan	\$18,804.00
James T. Passmore vs. Today’s Auto & Eldon L. Smith	\$25,000.00

Robert Fisher seconded. The motion carried unanimously.

OLD BUSINESS

UPDATE: SHIFT – William Childress updated the members that on August 1, 2016, SHIFT representatives met with the Dealer Board staff and Eric Fiske of the Attorney General’s Office, to discuss SHIFT becoming licensed as a dealer in Virginia. SHIFT’s representatives informed the Board staff of internal hurdles that had to be cleared before being able to apply for a license. They also informed Board staff of their intentions to establish their dealership in Northern Virginia. SHIFT was informed during this meeting that they are not allowed to conduct business in Virginia, until they are fully licensed.

NEW BUSINESS

CARVANA – William Childress indicated that he has received several phone calls, including calls for each of the trade associations, regarding Carvana. He said that he’s been in contact with Carvana about their business practices and they indicated that they are looking to open a dealership in Henrico in the future. Carvana indicated that they have a location in the Richmond/Petersburg area to deliver vehicles to purchasers. These transactions are conducted over the internet, which is in accordance with the 2001 Internet Task Force Report and the vehicles are either being titled in Tennessee or Georgia and Virginia is just a drop off point for the Virginia customers who have purchased vehicles. Mr. Childress made them aware of Virginia laws and they reassured Mr. Childress that they are not conducting business in Virginia. There were some concerns about their advertising practices and titling issues in Virginia. Michael Bor suggested that the Board staff should create a document that would show how these online dealerships business practices would look compared to Virginia’s law requirements. Rick Holcomb agreed with Michael Bor’s suggestion and asked William to send the 2001 Internet Task Force Report to current Board members for their review. Generally, the feeling was that this report was outdated and a committee may be formed to update this document.

Executive Director’s Report. William Childress indicated that he attended the AAMVA Conference in Williamsburg, Virginia in August and that he talked with several other states that were experiencing similar issues with dealers selling cars online and advertising via the internet. William indicated that this is his 4th meeting and since coming to the Board in February, and that he and Board staff are actively looking at the work processes and way things are done by the staff. The office space needs to be updated to allow the inventory (plates and decals) to be properly. William is planning to meet with all of the hearing officers to discuss their processes and discuss the inconsistencies regarding their recommendations to the board based on similar or identical allegations.

12:54 p.m. Rick Holcomb excused himself for the Tesla discussion.

TESLA (MVDB Matter) – William Childress indicated that in June he received a package from VADA regarding Tesla. Since that time the Board staff has been investigating Tesla. William informed the Board that a letter will be going to Tesla identifying violations that were uncovered during the investigation. He also informed the Board that Board staff has taken actions against Tesla, to include assessing civil penalties and that the Board staff is handling this situation in the same manner as they would for any dealer. Tesla will be given the opportunity to appeal the civil penalty and will be given their due diligence.

The next meeting will be scheduled for November 14, 2016. This date does not appear to conflict with any known religious holidays.

There being no further business to come before the Motor Vehicle Dealer Board, Vice-Chairman Kody adjourned the meeting at 12:58 p.m.

Meeting Summary
Dealer Practices Committee
Monday, September 12, 2016

Chairman Ron Kody called the Dealer Practices Committee meeting to order at 9:02 a.m. in Room 702 of the DMV Headquarters Building at 2300 W. Broad Street in Richmond. Present were Committee members Michael Bor, Liza Borches, Gardner Britt, Steve Farmer, Robert Fisher, Clay Huber, Chris Maher, Geoff Malloy, Senior Saghafi and Joe Tate. (Absent: Matt McQueen). Other Board members present: Rick Holcomb, Ted Bailey, David Duncan, David Gripshover, George Pelton and Maurice Slaughter. Executive Director William Childress, Peggy Bailey, Lisa Mack-Nelson and Ann Majors represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The July 11, 2016 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:

- **Wally's Wholesale and Walter Werness.** On June 28, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1547 and 46.2-1575 (1). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$1,000 for 46.2-1547 and a written warning for 46.2-1575 (1).

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

Motion was made by Joe Tate to accept the hearing officer's recommendation of assessing a civil penalty of \$1,000 and a written warning. Clay Huber seconded. All in favor: 10 (Kody, Farmer, Bor, Borches, Britt, Fisher, Huber, Malloy, Saghafi and Tate). Opposed: 1 (Maher). The motion carried.

Rick Holcomb requested that William Childress refer this issue to DMV for further investigation concerning the number of dealer plates Wally's Wholesale was entitled to receive.

- **American Eagle Auto Group, LLC and Ayman Ibrahim.** On May 18, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1508, 1529, 1561 and 1575 (1), (6) and (7). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$11,000 and a suspension of 6 months.

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

Motion was made by Chris Maher to modify the hearing officer's recommendation and assess a civil penalty of \$11,000 and revoke all licenses and certificates. Joe Tate seconded. All in favor: 10 (Kody, Farmer, Borches, Britt, Fisher, Huber, Maher, Malloy, Saghabi and Tate). Opposed: 1 (Bor). The motion carried.

- **JJ Imports, LLC and Jahanzaiab Raja.** On August 11, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1529, 1539, 1547 and 1575 (1). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$2,500 and a satisfactory inspection within 6 months. The hearing officer further stated that any other lapse of insurance coverage should be considered for a revocation of all licenses and certificates.

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

Motion was made by Joe Tate to remand this issue back to the hearing officer for further investigation. Steve Farmer seconded. The motion carried unanimously.

- **A&R Motors, LLC and Zuhair J. Ramadan.** On July 19, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Section 46.2- 1561. Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$250 and to successfully complete the two day Dealer-Operator course.

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

Motion was made by Chris Maher to accept the hearing officer's recommendation and assess a civil penalty of \$250 and to successfully complete the Dealer-Operator course. Robert Fisher seconded. The motion carried unanimously.

- **Jack's Motor Car Corporation and Jack Nasser.** On July 26, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1529, 1547 and 1575 (1). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$500 for violations of 46.2-1547 and a written warning for violations of 46.2-1575 (1).

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

Motion was made by Chris Maher to accept Mr. Nasser's letter of documentation showing that his tags were covered by insurance and no penalty assessed. Robert Fisher seconded. The motion carried unanimously.

- **Frontline Motors and Mathew Gwangwaa.** On August 15, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1529, 1515, 1537, 1539, 1574 and 1575 (2) and (6). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$13,000 and revocation of all licenses and certificates.

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

Motion was made by Steve Farmer to accept the hearing officer's recommendation and assess a civil penalty of \$13,000 and revocation of all licenses and certificates. Chris Maher seconded. All in favor: 10 (Kody, Farmer, Bor, Borches, Britt, Fisher, Huber, Maher, Malloy and Tate). Opposed: 1 (Saghafi). The motion carried.

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The next meeting was scheduled for November 14, 2016

The meeting adjourned at 11:26 a.m.

Meeting Summary
Dealer Licensing Committee
Monday, September 12, 2016

Chairman Joe Tate called the Dealer Licensing Committee meeting to order at 11:26 a.m. in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. Present were Committee members Ted Bailey, Liza Borches, David Duncan, David Gripshover, George Pelton, Senior Saghafi and Maurice Slaughter. (Absent: Jacques Moore). Other Board members present: Rick Holcomb, Michael Bor, Gardner Britt, Steve Farmer, Robert Fisher, Ron Kody, Clay Huber, Chris Maher and Geoff Malloy. Executive Director William Childress, Peggy Bailey, Lisa Mack-Nelson and Ann Majors represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The July 11, 2016 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

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The next meeting was scheduled for November 14, 2016

The meeting adjourned at 11:27 a.m.

Meeting Summary
Advertising Committee
Monday, September 12, 2016

Chairman David Duncan called the Advertising Committee meeting to order at 11:27 a.m. in Room 702, DMV Headquarters, 2300 West Broad Street, Richmond, Virginia. Present were Committee members Ted Bailey, Michael Bor, Liza Borches, Clay Huber, Ron Kody, Geoff Malloy, George Pelton and Maurice Slaughter. (Absent: Matt McQueen). Other Board members present: Rick Holcomb, Gardner Britt, Steve Farmer, Robert Fisher, David Gripshover, Chris Maher, Senior Saghafi and Joe Tate. Executive Director William Childress, Peggy Bailey, Lisa Mack-Nelson and Ann Majors represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The July 11, 2016 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

Advertising Practices. William Childress indicated that advertising is one of the most difficult issues for the Board staff to deal with. The staff's primary objective is to see that all dealers are on a level playing field. William then introduced Ann Gambardella from VADA to speak in reference to advertising practices. Ms. Gambardella indicated that a VADA member brought her some advertisements referencing savings; however, nowhere in the advertisement did it reveal how the savings were realized. Advertisements showing a savings should have some sort of outline or listing how those savings came about. In working with William and his staff, she (Ann) would like to revisit the issue of advertising because the ads that were brought to her attention did not have the breakdown or outline of alleged savings regarding prices, this includes rebates.

Review and Action: Informal Fact-Finding Conferences:

- **National Motors Dealer, Inc. and Lida N. Barekzi and Amin Barek.** On August 8, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1535, 1575 (7) and 1581 (8). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$1,500 and a satisfactory inspection within 6 months.

Issue tabled to the November meeting due to a family emergency.

- **Speedy Cars, Inc. and Michael Stanley.** On July 20, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code Sections 46.2-1535, 1575 (7) and 1581 (8). Based on the information provided at the conference, the hearing officer recommended rescinding the civil penalty of \$1,750.

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

Motion was made by George Pelton to accept the hearing officer's recommendation rescinding the \$1,750 civil penalty. Michael Bor seconded. The motion carried unanimously.

- **Joe's Blvd Auto Sales, LLC and Yousef Abualia.** On July 7, 2016, an informal fact-finding conference was conducted to address the alleged violations of VA Code 46.2-1575 (7). Based on the information provided at the conference, the hearing officer recommended assessing a civil penalty of \$1,000.

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

Motion was made by Liza Borches to accept the hearing officer's recommendation and assess a civil penalty of \$1,000. Clay Huber seconded. The motion carried unanimously.

The next meeting was scheduled for November 14, 2016.

NEW BUSINESS FROM THE FLOOR

There was no new business from the floor.

The meeting adjourned at 11:44 a.m.

Meeting Summary
Transaction Recovery Fund Committee
Monday, September 12, 2016

Chairman Chris Maher called the Transaction Recovery Fund Committee meeting to order at 11:44 a.m. in Room 702 of the DMV Headquarters Building at 2300 West Broad Street in Richmond. Present were Committee members: Michael Bor, Steve Farmer, Robert Fisher, David Gripshover, Ron Kody, Geoff Malloy and Maurice Slaughter. (Absent: Matt McQueen). Other Board members present: Rick Holcomb, Liza Borches, Gardner Britt, Jacques Moore, Senior Saghafi and Joe Tate. Executive Director William Childress, Peggy Bailey, Lisa Mack-Nelson and Ann Majors represented the Dealer Board. Eric Fiske represented the Attorney General's office.

The July 11, 2016 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:

- **Kenneth Cobbs vs. A & R Automobile Sales and Nidal Ramadan.** On August 17, 2016, an informal fact-finding conference was conducted to address the alleged violation of VA Code Section 46.2-1527.3. Based on the information provided at the conference, the hearing officer recommends that the Board pay Mr. Cobbs \$18,804 from the Transaction Recovery Fund.

Motion was by David Gripshover to accept the hearing officer's recommendation. Robert Fisher seconded. The motion carried unanimously.

- **James T. Passmore vs. Today's Auto and Eldon Lee Smith.** On August 17, 2016, an informal fact-finding conference was conducted to address the alleged violation of VA Code 46.2-1527.3. Based on the information provided at the conference, the hearing officer recommends that the Board pay Mr. Passmore \$25,000 from the Transaction Recovery Fund.

Motion was by David Gripshover to accept the hearing officer's recommendation. Robert Fisher seconded. The motion carried unanimously.

NEW BUSINESS FROM THE FLOOR

The next meeting was scheduled for November 14, 2016

The meeting adjourned at 11:48 a.m.