



Newsletter of the
Colorado Motor Vehicle
Dealer Board and
Auto Industry
Licensing Division
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Jim Varner, Public Member

The Dealer Board's newest public member is **Jim Varner**. Jim comes to the Board with a broad range of skills obtained through his varied private and public sector experiences. Welcome Jim.

Jim grew up in Council Bluffs, Iowa. After graduating from high school, he earned a B.S. Mathematics degree, B.S. Economics degree and a M.A. Library Science degree from the University of Denver.

Mr. Varner worked at the University of Denver for several years as the Science-Engineering Librarian. He later became the Group Supervisor of the Technical Library for AT&T Bell Laboratories. When he left AT&T Bell Laboratories (now Lucent Technologies) he was the Manager of Human Resources and Information Services. Before retiring in 1995, Jim worked for US West in their Technical Library.

Activities Jim has been involved with include; the Board of Castlewood Fire Protection District, President of Cherry Park General Improvement District, Legislative aide to Representative Mike Coffman and Legislative aide to Senator John Andrews.

Jim and his wife Joan have three grown children. Jim remarked, "I'm excited to be appointed as one of the public members to the Board. I'm really looking forward to serving the industry and the consumers."

Lee Payne, New Vehicle Dealer

Governor Owens named **Lee Payne** to the Dealer Board. Lee grew up in the car business. His father, **Leo Payne**, a former Board member, was in the auto industry for almost forty years and operated 9 stores with 17 franchises in Denver and California.

Lee was born in Michigan and raised in the Denver area. Lee started working at his father's dealership at age 10. Through the years, Lee has held most every position possible at a dealership. Lee worked for his father's dealerships as well as a dealership in San Diego.

In 1990 he left the car business and worked in the Real Estate and mortgage field. By 1995, Lee missed the auto industry and decided the time was right to get back into it.

In January of 1996, Lee led an investor group that purchased Classic Honda and operate it now as Planet Honda.

Mr. Payne commented, "As a lifelong student of the industry, I know there are ways to improve the business. Many problems that we encounter are self-inflicted. The Board is a great venue to affect policy and resolve issues. This is an unique opportunity and I look forward to it."

Olga and Lee have been married for twelve years. They have 1 son and 2 daughters.

Welcome Lee.

Director's Desk by Jim Clark, Executive Secretary

Beginning with this edition of *WHEELS*, you will see a new format that reflects some of the changes the dealer program is undergoing. First off is a new name for our agency. Formerly known as the Dealer Section, we have been reorganized into a division within the Department of Revenue. The new organization is now the "**Auto Industry Licensing Division**." This name best reflects the many functions we have, which include not only the licensing of dealers and salespeople, but also the entire spectrum of motor vehicle sales in Colorado.

The division consists of three principal functions, Administration and Licensing under the direction of **Janet Swaney**; the Compliance Section headed by

Kirk Martelon; and Investigations with **Mary Marvin** as supervisor. Each of my managers will have a column in *WHEELS* to focus attention to issues within their area of responsibility.

We also intend to shift the focus somewhat so we will be able to use *WHEELS* as an aid for effective compliance with all of our laws and regulations. Consistent with our proactive approach to voluntary compliance, we will both identify areas where we are experiencing problems and offer ways to help you avoid them.

Your comments are welcome. We are always searching for ways to improve our services that we provide to all of you.

Compliance Corner by Kirk Martelon, Compliance Manager

Temporary Registration Permits

A typical business day for a dealer includes, the dealer selling a car, completing the paperwork and allowing the customer to drive away with their purchase after issuing the customer a 45 day Temporary Permit. The Temporary Permit is placed on the vehicle and the pink copy of the DR 2206A is given to the customer to use as a temporary registration. But what happens if the information on the DR 2206A (white, pink and yellow copies) is incomplete?

The dealer mails the white copy to the State. It is entered into Colorado's Registration Information System. The State is unable to create a temporary registration record on the system if any of the information on the DR 2206A is omitted. This is a permit violation by the dealer. Therefore, if your customer is stopped by a police officer and the officer calls into the State for verification of the existing plate, AKA the temporary permit, there would be no record of the

vehicle ever being purchased. The end result could be that your customer's vehicle is impounded. Also, the dealer's records would be incorrect.

Recently, the State Comm Center has been inundated with white permit stubs showing the same permit number being issued twice as well as the information on the stubs being incomplete.

According to (1 C.C.R. 204-14) it is the dealer's responsibility to insure that the Temporary Permit and the 3-part permit registration stub be complete and accurate and distributed as follows:

1. The pink copy (owner's copy) shall be presented to the purchaser with the permit.
2. The white copy (state copy) shall be mailed on the date of issuance to the Traffic Records Section, Department of Revenue, Motor Vehicle Division, 1881 Pierce Street, Room 150, Lakewood, Colorado 80214.
3. The yellow copy (dealer copy) must be retained by the dealer and properly filed.

2% Vehicle Rental Program

By Linda Huyghebaert, Titles & Registration

C.R.S. 42-3-107 (11)(a) authorizes the 2% vehicle rental program. This is for any person, firm, corporation or other business entity, who owns vehicles, based in Colorado for rental purposes. The **primary** purpose of that business must be the rental of such vehicles for periods of less than forty-five days, including renewals, to another entity.

Dealerships electing to participate in a rental program utilizing the 2% method of payment for vehicle registration must have a separate business for the rental of the vehicles. Dealerships may rent vehicles using their dealership name, however, they are not eligible to participate in the 2% program and must register their rental vehicles paying **full fees** for their registration.

Compliance Section Statistics

The Section resolved 344 complaints during the first four months of 1999. Complaints included advertising, contracts, financing, misrepresentation, dealer plates, titles, temporary registration permits, and warranty issues among others. 193 times the dealer was not in compliance and received an educational contact. Three dealers have been referred to the Board and/or review panel.

The Section also completed 209 audits during the same four-month period. Only 35 of the audits revealed that the dealer was in compliance. In 14 instances warning letters were issued for non-compliance. 160 educational contacts were made to the dealer for non-compliance.

The Section continues to educate dealers and work with them to achieve voluntary compliance.

DEALER BOARD MEMBERS

President, Dwayne Dodd

First Vice President, Vacant

Second Vice President, Ron Rakowsky

Michael Conley, Mike Faricy, Paul Gebhardt,

Lee Payne, John Covert,

Jim Varner, Clair Villano

Executive Secretary, James F. Clark

WHEELS Editor, Larry Herold

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E-mail: dealers@spike.dor.state.co.us

Internet: www.mv.state.co.us/dealer.html

Please note: While every effort is made to make the information in *WHEELS* as accurate and helpful as possible, it is not offered as a substitute for legal advice.

C A L E N D A R

Dealer Board Business Meeting: Second Tuesday of each month at 9:00 am, 1881 Pierce St, Lakewood.

Dealer Board Hearings: Fourth Tuesday of each month, if necessary, at 9:00 am, 1881 Pierce St, Lakewood.

License Law Seminar - Colorado Springs: First Tuesday of each month at 10:00 am, 3650 Austin Bluffs Pkwy, Ste. 188, in the Shops of the Bluffs Mall.

License Law Seminar - Lakewood: Third Tuesday of each month at 9:00 am, 1881 Pierce St, Lakewood.

Note: Times and locations are subject to change. Call the Auto Industry Licensing Division at (303) 205-5604 to confirm.

Licensing Lowdown by Janet Swaney, Licensing Manager

Mandatory Disqualifiers

July 1, 1998 saw a new law go into effect regarding the mandatory denial of dealer and salesperson license applications. Denial is mandated by statute when an applicant for a license has been convicted of or pled no contest to any of the following offenses in Colorado or any other jurisdiction during the past ten years: 1) A felony in violation of Article 3, 4 or 5 of Title 18 C.R.S. or any similar crime in another jurisdiction. 2) Any crime involving odometer fraud, salvage fraud, motor vehicle title fraud or the defrauding of a retail consumer in a motor vehicle sale or lease transaction.

Article 3 covers crimes against persons such as murder, assault, kidnapping, sexual assault, manslaughter, menacing weapon, custody violation, vehicular homicide, criminal extortion and enticing a child. Article 4 covers crimes against property including arson, theft, burglary, robbery, criminal mischief over \$400, criminal trespass in the 1st degree and unlawful transfer for sale (copyright infringement). Fraud is covered by Article 5 including forgery, criminal possession of a forged instrument or forging instrument, criminal impersonation, fraud

by check (over \$400), commercial bribery, bribery in sports and equity skimming.

Dealers, if your salesperson applicants have been convicted of or pled no contest to these offenses, their license application will be denied. Remember that the applicant's background is checked through the Colorado Crime Information Center (CCIC). Save yourself time and energy; don't submit applications for those people you know cannot be licensed.

Licenses, Originals & Renewals

Original dealer and salesperson licenses are valid for one year following the month of issuance. An example is a license that was first issued on Oct. 10, 1998 is valid through Oct. 31, 1999. When that license is renewed, it will be valid for 12 months, Nov. 1, 1999 through Oct. 31, 2000. A continuation certificate or bond must be valid for the full term of the license year.

A salesperson license is a two-part form. The top pink copy should be posted conspicuously at the dealership and the white copy should be given to the salesperson. Remember, on the back of the salesperson's copy is the "Change of Employer Notification" form used by a new employing dealer.

Investigations Insight by Mary Marvin, Investigator Supvr

Curbstoning and You

Curbstoning is a serious problem and you, the dealer, may be supplying the vehicles. In the past six months, the Investigation Section has issued more than 100 criminal summonses for unlicensed sales. This effort is only curtailing a small percentage of the illegal activity of curbstoning.

Vehicles sold in Colorado by curbstoners are frequently purchased from licensed Colorado motor vehicle dealers. Vehicles are purchased by curbstoners claiming to be foreign dealers who purportedly are taking the vehicles to sell in another state or Mexico. In reality, the vehicles never leave the State.

How can dealers help? Ask for proof of a dealer license.

The unlicensed individual may be the perpetrator of more serious crimes than unlicensed sales. These individuals are most likely to "clock" odometers and/or commit salvage fraud. Sooner or later, the consumer who purchased the vehicle from the curbstoner will trade the vehicle into a dealership because the cost of repairs has reached deep into the consumer's pocketbook. The consumer is unaware

How To Get Court Documents

A criminal record search is required to be conducted by State Statute on all new dealer and salesperson applicants. Based on the outcome of the search, applicants may receive a letter from the Investigation Section requesting documents.

The letter will identify the arresting agency, date of offense and the charge. The applicant **must** provide the requested documents. The documents must contain the findings of the presiding court.

To assist the applicant in securing the court documents, be sure the applicant follows these steps:

1) Identify the county where the charges were filed; i.e. if the arresting agency was Lakewood P.D. then the court would be Jefferson County. Do not expect to get Jefferson County records from Arapahoe County.

2) Request records in person and expect a fee to be charged.

3) Records are kept with each court's clerk; i.e. District Court Clerk vs County Court clerk. The applicant may have to contact more than one clerk's office to obtain all of the records.

4) Complete the record request card (slip) at the

MOTOR VEHICLE DEALER BOARD ACTIONS

Front Line Auto Sales (Frank Sewolt Jr.) - failure to deliver title, failure to disclose material particulars, failure to notify Board of location change, allowed in-transit plates on sold vehicle. **LICENSE REVOKED.**

Hamilton Motors (William Hamilton) - failure to deliver title in 30 days, misused temporary permits, employed unlicensed salesperson, failure to comply with place of business requirements. **3 DAY SUSPENSION, \$4000 FINE, 2 YEARS PROBATION.**

PR Motors, Inc. - failure to honor written agreement (failure to pay for vehicles). **LICENSE REVOKED**

Rainbow Motors, Inc. - failure to disclose salvage vehicle. **PAY CONSUMER \$3000.**

K & C RV, Inc. - failure to comply with contract. **2 YEAR PROBATION, \$2000 FINE.**

JLC Sales, Inc. - failure to deliver title, misuse of temporary permits, failure to report stolen permits, knowingly submitting a false temporary permit log. **LICENSE REVOKED.**

Colorado Public Auto Auction & Sales (Nicky McCoy) - failure to honor written agreement (failure to pay for vehicles). **LICENSE REVOKED.**

Great West Auto Brokers (Robert Spurlock & Ray Cross) - licensed wholesaler selling vehicle to a retail customer. **\$1000 FINE, 1 YR PROBATION.**

Curbstoning *continued*

of the "clocking" or that the vehicle was rebuilt from salvage and now the unsuspecting dealer joins the ranks of the victim.

Due to the combined efforts of the Investigation Section and local law enforcement, the State's district attorneys and courts are becoming as familiar with the prosecution of unlicensed sales as they are with auto theft. The district attorneys have become more diligent in their prosecution and the courts have stiffened their sanctions, even to include jail time.

Reports of unlicensed sales activity may be submitted to the Investigation Section by phone (303) 205-5604, by FAX (303) 205-5977 or by mail.

Court Documents *continued*

clerk's counter. The clerk will locate the court file and the applicant must locate the court's findings from within the file. Some courts may provide a computer printout.

5) Be prepared to make copies of the documents themselves and have plenty of change to feed the copier.

Applicants must mail the documents along with a letter of explanation as to why the documentation was not provided with the original application. The applicant has 10 days to provide the Investigation Section with the necessary information from the date of receipt of the letter.

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