



**Newsletter of the
Colorado Motor Vehicle
Dealer Board
and
Auto Industry
Division**

June 2000, Vol. XXVI, No. 3

Director's Desk by Kirk Martelon, Executive Secretary **Colorado General Assembly 2000 Legislation**

The Colorado General Assembly concluded its 2000 Legislative Session on Friday May 5, 2000. Several House and Senate bills were passed and signed into law by Governor Bill Owens. Following are summaries of several of the bills. Additional information and effective dates are available from Senate Services at (303) 866-2316 and House Services at (303) 866-2904.

Senate Bill 00-015 amended C.R.S. 42-6-102 by adding definitions of electronic records, files and signature. The Bill allows the Executive Director of Revenue to promulgate rules for electronic record keeping performed by County Clerk and Recorders for each county and the Denver Manager of Revenue, as agents for the State. It allows for electronic filing of motor vehicle certificates of title as well as salvage distinction to be made in the electronic record. It clarifies that a transfer of title is necessary when selling or conveying the title of a vehicle and allows for the presentation of a court order when title to a vehicle is conveyed by gift, death or law. The Bill also clarified that authorized agents conduct the primary business related to certificates of title and transmit the electronic files to a central registry.

Senate Bill 00-017 amended C.R.S. 12-6-102 (16) and allows a dealer to keep its books and records at an off-site location in Colorado after notifying the Dealer Board in writing of such location at least thirty days in advance.

Senate Bill 00-080 amended C.R.S. 6-1-708 (1)(a) and (2) to include lease transactions under the protection of deceptive trade practices.

House Bill 00-1070 amended C.R.S. 42-3-124(3)(a) changing the number of days, from forty-five (45) days to sixty (60) days, that an individual temporary registration permit is valid.

House Bill 00-1140 amended C.R.S. 42-3-107 (1) and (14) requiring the taxable value of Class A or Class B personal property now be the actual purchase price of such property, not at seventy-five percent of the manufacturer's suggested retail price. Actual purchase price is the price of the vehicle when it is initially purchased at the retail level by a person who intends to put the vehicle into initial use. Every licensed motor vehicle dealer shall furnish on the application for title, the MSRP and the actual price, on each vehicle sold and delivered in the State.

House Bill 00-1186 amended C.R.S. 12-6-120, which prohibits a motor vehicle manufacturer from canceling the franchise agreement with a dealer except upon just cause, by defining "just cause". It imposes the requirements of fair and equitable treatment of dealers, including that dealers be allowed to handle all vehicles in the same line-make produced by the manufacturer without the payment of additional fees, purchase of unreasonable advertising displays, renovation of their existing facilities or an agreement not to handle other manufacturer's vehicles. It prohibits a manufacturer from authorizing anyone but a franchised dealer or the owner of a fleet vehicle to perform warranty service on the manufacturer's vehicles. It requires notice to existing dealers in the area whenever a manufacturer proposes to open a new dealership, reopen a previously existing dealership or relocate an existing dealership. The Bill also prohibits a manufacturer from owning or controlling a dealership except in specified situations.

Buckle Up America Seeking Partners

Buckle Up America, a broad public-private partnership of community and health groups, safety advocates, businesses, legislators and other elected officials, law enforcement and concerned citizens, is mobilizing in this state and across the nation to educate the public and increase belt use by strengthening laws and enforcement.

The Buckle Up America partnership has begun to build grassroots coalitions to increase the seat belts use rate to 90 percent and reduce child fatalities by 25 percent by the year 2005, which will result in saving the nation \$8.8 billion and preventing more than 5,500 deaths and 132,000 injuries annually.

Philip Weiser of the National Highway Traffic Safety Administration (NHTSA) in Lakewood, stated, "NHTSA would like to see motor vehicle dealers and manufacturers join the Buckle Up America program by joining 'The Year 2000 Endorsement For Enforcement' campaign. The industry and Buckle Up America make such a natural partnership, it just makes sense to join forces." To receive information or to join 'The Year 2000 Endorsement For Enforcement' campaign, contact Philip Weiser at pweiser@nhtsa.dot.gov or (303) 969-6922 or contact John Balsler at (303) 969-6919.

Licensing Lot by Janet Swaney, Licensing Manager

NEW REGULATIONS FOR DEMO PLATES: Dealer and wholesaler demonstration plate regulations have been changed. Dealers are no longer required to calculate the number of demo plates they may be authorized to purchase and wholesalers are no longer limited to the number of demo plates they may purchase. Dealers and wholesalers may purchase as many plates as they need. The dealer plate affidavit, form DR2640, has been modified to reflect these changes and will be mailed out with renewal applications.

The demo and full-use plate authorizations are placed on the lower right-hand corner of the dealer or wholesaler license. Those plates are purchased through your local county clerk.

FEE SCHEDULE: The 2000-2001 Fee Schedule is printed on page 3. Please forward a copy of this fee schedule to the personnel in your dealership that use the fee information.

COLORADO GUIDELINES FOR REFERRAL SERVICES:

The following guidelines are provided for the benefit of dealers, buyer referral services, programs, plans, clubs, companies, internet organizations, or other entities to comply with Colorado statutes and regulations. Dealers should verify that referral services that they conduct business with are licensed, if so required.

Performing or arranging any of the following transactions requires a used motor vehicle dealer license in Colorado:

- Completing, arranging or assisting with the completion of motor vehicle purchase or lease contracts
- Assisting with, negotiating, or arranging motor vehicle financing
- Assisting with, arranging or negotiating the price or terms of a motor vehicle
- Assisting with, arranging or providing delivery of the purchased or leased motor vehicle within Colorado
- Accepting a down payment or deposit for a motor vehicle from a consumer
- Offering, negotiating for the sale, purchase, lease or exchange of motor vehicles whether or not such motor vehicles are owned by such person. (Negotiation is defined as transacting business; discussing or arranging a sale; arranging the preliminaries of a

business transaction; bargaining with another respecting a transaction; conducting communications with a view to reaching a settlement or agreement; that which passes between parties in the course of making a contract or arranging terms of a contract.)

-Receiving compensation of any kind from a Colorado dealer based on a per transaction, per vehicle or per referral basis. (Compensation is defined as a fee or other thing of value paid for transacting a piece of business or performing a service.)

-A club, service, organization, or other entity **that takes ownership** of motor vehicles and sells them to Colorado citizens falls under the definition of used motor vehicle dealer and **must be licensed.**

Performing or arranging any of the following transactions requires a buyer agent license in Colorado:

-Being hired or retained by a consumer to assist, represent, or act on behalf of such consumer in connection with the purchase or lease of a motor vehicle, **for a fee.** (A buyer agent cannot be employed by, or receive a fee from, a motor vehicle manufacturer or a motor vehicle dealer.)

Performing or arranging any of the following transactions may not require being licensed in Colorado:

-Refers customers to licensed dealers and is not compensated based on a per transaction, per referral or per vehicle sale basis. (Receipt of a fixed, periodic fee in advance for advertising services provided to a dealer, where the fee remains the same regardless of the number of leads generated or the number of vehicle sales resulting from the leads, does not constitute compensation for the sale of a motor vehicle, and does not require that the recipient be licensed as a motor vehicle salesperson or dealer.) To be exempt from licensing, entities making referrals of prospective customers to motor vehicle dealers must not have any further contact with the party being referred and cannot discuss or negotiate any of the terms of the potential purchase

-Does not negotiate the sale, arrange the sale, or attempt to offer or sell motor vehicles

-Does not conduct any of the activities that would require a motor vehicle salesperson or dealer license

DEALER BOARD MEMBERS

President, Ron Rakowsky

First Vice President, Clair Villano

Second Vice President, Mike Faricy

John Covert, Dwayne Dodd, Fred Emich,

Lee Payne, Steve Perkins, Jim Varner

Executive Secretary, Kirk J. Martelon

AUTO INDUSTRY DIVISION

Division Director, Kirk J. Martelon

Licensing Manager, Janet Swaney

Investigator Supervisor, Mary Marvin

Correspondence is welcome. Address to:

Larry Herold, Auto Industry Division

1881 Pierce Street, Lakewood, CO 80214

Phone: (303) 205-5604 FAX: (303) 205-5977

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

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

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, Colorado Springs.

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

Note: Times and locations are subject to change.

Call the Auto Industry Division at (303) 205-5604.

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.

Investigation Insight by Mary Marvin, Investigator Supvr.

Tips to help in preventing identity theft

-Donna Harris

Reprinted with permission.

Copyright *Automotive News* 1999

Thieves in a car dealership can use access to customer credit reports to steal from bank and credit card accounts, a consumer advocacy group says.

So-called identity theft is rampant, and it could easily crop up at auto dealerships - particularly those without strict restrictions for handling customers' credit reports, according to the Privacy Rights Clear-

inghouse, a San Diego-based consumer advocacy group. Dealerships must restrict access to credit reports to curtail customers' exposure to fraud, the group says.

The Privacy Rights Clearinghouse offers tips on how to handle customer credit reports responsibly:

1. Develop a formal, written privacy policy, outlining how to handle customers' personal information. Go over the policy regularly with employees, as part of orientation for new employees and regular company training programs, and include it in employee

handbooks and posters. Make it available in customer brochures.

2. Restrict access to, and use of, the information. For example, only the finance manager can access the information on computer, using a confidential access code, and only if the customer wants to obtain financing through the dealership.

3. Train employees not to leave computer terminals unattended when a customer's personal information is displayed. Consider password-activated screen-savers.

4. Forbid employees with access to sensitive customer data to answer questions about a customer's credit history. Teach employees to detect when they are being pumped for personal information.

5. Shred loan applications before putting them in the trash. A thief can otherwise retrieve the applications and use them to commit fraud.

6. Before disposing of them, erase computer records, diskettes, magnetic tapes, hard drives and other electronic media that contain personal information.

7. Restrict access to fax machines used to submit credit applications to lenders. Consider dedicating a fax for credit applications to make the faxes easier to monitor.

The Privacy Rights Clearinghouse says the improved security could win kudos from customers, who are more concerned than ever about privacy. It could also reduce a dealership's exposure to lawsuits. Though such challenges are rare, at least one business - a health club - is being sued because an employee used customer records to commit credit card fraud, according to the Privacy Rights Clearinghouse.

In 1998, 85 percent of Americans surveyed said they were concerned about threats to their personal privacy, including exposure to theft, according to the Center for Social and Legal Research, a Hackensack, N.J.-based organization that promotes privacy rights. Their concerns are legitimate. Identity theft accounts for as much as 25 percent of credit card fraud losses annually, the Privacy Rights Clearinghouse estimates.

Board Sets 2000-2001 Fees

2000-2001 LICENSE & APPLICATION FEE SCHEDULE

Effective July 1, 2000

Dealers/Wholesalers/Buyer Agents/Auctions

Renewal	\$250
Original (full year)	325

Salespersons

Renewal	\$50
Original (full year)	75
Multiple (additional location license)	50

Miscellaneous Fees

Temporary License for Out of State Dealer (per event)	\$200
Additional Location	125
Off-Premise Permit	50
Change of Class	100
Change of Location	100
Change of Name	100
Change of Ownership/Stock transfer	100

Manufacturers/Distributors/Branches

Renewal	\$250
Original (full year)	325

Manufacturer Representatives

Renewal	\$ 50
Original (full year)	50

Late Fees: Applicable late fees may be charged on applications received after the due date.

DEALER BOARD ACTIONS

Mountain States RV, Inc. #5322 (Aurora) - Violation of Sunday closing laws by offering vehicles for sale on Sunday, January 23, 2000 at the Denver Sportsman Show. **\$4000 FINE, 2-YEAR PROBATION.**

Tranlease, Inc. dba Translease, Inc. #4066 (Sheridan) - Advertising vehicles for sale with the false impression that the vehicles were being offered by a private party and at a location other than the licensed location. **\$3200 FINE, 6-MONTH PROBATION.**

Dennis P. Johnson (Salesperson) - Advertising vehicles for sale with the false impression that the vehicles were being offered by a private party and at a location other than the licensed location. **\$2000 FINE, 6-MONTH PROBATION.**

KOIS BROTHERS EQUIPMENT COMPANY, INC. #5446 (Commerce City) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Robert Fulton dba Heriage Auto Sales #7605 (Lakewood) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Peter Banfield dba Crocker Motorcycle #2097 (Colorado Springs) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

James Dillon dba Jim Dillon Motors #1324 (Englewood) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Dominion Investments #3090 (Denver) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Highfield, Inc. #7834 (Colorado Springs) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Faisal Mian dba USA Auto Center #6142 (Aurora) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Stuttgart Auto Body Ltd. #7214 (Englewood) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Anna Neveu dba Classic Horseless Carriages #6343 (Palisade) - purchasing full-use plates when not authorized to do so. **\$1000 FINE, 6-MONTH PROBATION.**

Robert T. Trujillo (Salesperson) - Indulging in a fraudulent business practice by committing forgery. **LICENSE REVOKED.**

Abraham Godoy (Salesperson) - Knowingly disposing of a stolen vehicle, making a material misstatement on an application and criminal history. **LICENSE REVOKED.**

James M. Leach dba J&D Auto Sales #4470 (Commerce City) - failure to deliver title. **LICENSE REVOKED.**

Christopher's Dodge World, Inc. #5446 (Golden) - stipulated to resolve complaint by paying complainant \$1691.14.

Title & Registration Tips & Rules by Mary Tuttle

Mailing And Physical Addresses: Many mountain and rural post offices do not deliver mail to physical addresses. Please be sure to include the legal address and also the mailing address, including P.O. Box, on all paperwork, including the application for title, to ensure the delivery of mail to your customer.

Application For A New Registration: Any application for a new registration must include the primary body color of the vehicle. Dealers can assist their customers and county clerk offices by indicating which primary color best describes the vehicle. Following are acceptable body colors to use on the title application:

- BLA - Black
- BLU - Blue
- BRO - Brown
- CAM - Camouflage
- GOL - Gold
- GRA - Gray
- GRE - Green
- IVO - Ivory
- MUL - Multicolored
- ORA - Orange
- PIN - Pink
- PUR - Purple
- RED - Red
- SIL - Silver
- TAN - Tan
- WHI - White
- YEL - Yellow

PRSRT STD
 U.S. POSTAGE
 PAID
 DENVER CO
 PERMIT NO. 212

FORWARDING & RETURN POSTAGE GUARANTEED
ADDRESS CORRECTION REQUESTED

STATE OF COLORADO
MOTOR VEHICLE DEALER BOARD
DENVER CO 80261-0016