WHEELS COLORADO
Dec 2003

Newsletter of the Colorado Motor Vehicle Dealer Board and Auto Industry Division
Dec 2003, Vol. XXVIII, No.4

Director's Desk *by Linda R Petkash, Executive Secretary*

ROUTING BOX
Owner
Finance Manager
General Manager ✓
Sales Manager
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Does Your License Expire in June?

If it does, and you hold a dealer or manufacturer/distributor license, there is a 75% chance the expiration date on your license will be changed.

The Division continues to work on a plan to stagger licenses that expire on June 30, 2004. Currently, this plan includes dealers, manufacturers, and distributors. The plan calls for those licenses selected to be renewed for a 13, 14, 15, or 16-month renewal period. This "longer" renewal period would be a one-time adjustment to move the expiration date of approximately 1,400 licenses out of the month of June. The license fee will be adjusted to reflect the number of months for which the license will be issued.

If your license is selected for this change, you and your bond company will receive a special notification, including detailed instructions, from us by the end of February. While this undertaking will require some special handling by all who are a part of the licensing process for the industry, it should ultimately benefit us all in the long term by reducing the heavy June renewal workload.

Compliance Corner *by Supervisor Mary Marvin*

Temporary Registration Permits

Code of Colorado Regulations promulgated by the Colorado Department of Revenue states "Dealers shall not loan, give, borrow, sell, exchange or issue permits for or with another dealer, individual, business, company or corporation". When purchasing permits motor vehicle records denote that the permits are issued to the purchasing dealer. The dealership becomes responsible for the issuance of the permit. During an audit of the dealership records, the dealership must either provide the permit, if not issued, or records proving the sale of a vehicle to which the permit was issued. The dealership is responsible for his/her permits; for example, if the permit was used in a crime, that permit will be traced back to the dealer that purchased the permit. To protect your dealership be sure that you can provide proof that the permit was properly issued.

Regulation Z

Federal Regulation Z pertains to advertising a credit sale. The Compliance Section has observed numerous violations of Regulation Z. If an advertisement promoting a credit sale on a motor vehicle purchase contains any of the following terms: ***amount of the down payment expressed either as a percentage or dollar amount; or the amount of any payment expressed as a percentage or dollar amount; or the number of payments; or the period of repayment; or the amount of any finance charge***. Then the following terms must be disclosed: ***the amount or percentage of down payment; terms of repayment; and the annual percentage rate.***

DEALER BOARD ACTIONS

Edward Callahan, dba The Finance Source, Inc. – Englewood-#36478 – failure to deliver title (10 counts); misuse of temporary permits (4 counts); failure to provide emissions certificate (2 counts); fraudulent transaction (5 counts); defrauding any buyer/seller (14 counts); failure to perform written agreement (2 counts). **$370,000 FINE, FULL RESTITUTION, LICENSE REVOKED**.

Christopher Hall, dba Christopher's Dodge World, Inc. – Golden - #2366 – advertising; violation of Board order. **$70,000 FINE, 7 DAYS SUSPENSION (5 DAYS HELD IN ABEYANCE, 2-DAYS CLOSURE, 1-YEAR PROBATION.**

Tobias Vigil & Jacqueline Vigil, dba Joffer Auto, Inc. – Denver - #36075 – defrauding any buyer/seller; fraudulent sale; failure to deliver title. **$30,000 FINE ($27,000 HELD IN ABEYANCE FOR FULL RESTITUTION) LICENSE REVOKED.**

Wail Haddad, dba All Auto Parts – Aurora - #4634 – failure to honor written agreement (6 counts); fraudulent transaction; misrepresentation; failure to give copy of completed contract; failure to deliver title. **$50,000 FINE, ($45,000 HELD IN ABEYANCE FOR FULL RESTITUTION) LICENSE REVOKED.**

Timothy G Cain, dba Century Motor Center – Denver - #1267 – failure to honor written agreement (52 counts); illegal sale/transaction (5 counts); failure to deliver title (5 counts); failure to honor check/draft to another dealer/wholesaler (5 counts); defrauding any buyer/seller (5 counts). **$720,000 FINE, FULL RESTITUTION, LICENSE REVOKED.**

Charles C Emenyonu, dba Legacy Motors LLC – Aurora - #4557 – illegal sale; failure to deliver title; wholesaler selling retail. **$30,000 FINE, FULL RESTITUTION, LICENSE REVOKED.**

Seanord J Busha, dba Lennies 4X4, Inc. – Denver - #3261 – failure to perform written agreement (6 counts); defrauding any buyer/seller (6 counts); fraudulent sale/transaction (6 counts); failure to honor check/draft to another dealer/wholesaler (6 counts). **$240,000 FINE, FULL RESTITUTION, LICENSE REVOKED.**

Philip Wolf, dba Interstate Leasing and Sales, Inc. – Golden - $5441 – failure to provide emissions certificate; illegal sale/transaction. **$2,000 FINE, 1-DAY SUSPENSION, RESTITUTION HAS BEEN MADE ($1,500 AND 1-DAY SUSPENSION HELD IN ABEYANCE FOR 1-YEAR PROBATION).**

Clark D Schaefer, Salesperson - #28964 – advertising. **$7,000 FINE ($5,600 HELD IN ABEYANCE FOR 1-YEAR PROBATION).**

Your Sales License Could Be Denied…

for failure to disclose your criminal history and failure to provide court documents. Question #6 on the Salesperson Application asks "have you ever been arrested, charged with, convicted of or pled no contest to any felony or misdemeanor crime in the past 10 years, excluding traffic violations. The key word is **ARRESTED**. Even if the charges were dismissed or deferred, you would still need to disclose **AND** provide court documents listing the original charges and final disposition. Failure to disclose your criminal history is considered a material misstatement in an application for a license (12-6-118 C.R.S) and could be grounds for denial.

Background checks are processed on all new applicants. If your background check reveals a criminal history and you have failed to disclose this information on your application, or disclosure has been made but you failed to provide court documents, you will receive a letter from the Division requesting court documents on the listed charges. Your response containing the requested information must be made within 10 days from the date of the letter. Failure to respond in a timely manner will be cause for the Dealer Board to deny your license.

If you terminate your employment before we receive your court documents, your license will be flagged and the agency will not transfer your license to another dealership until all required documents are received. If you fail to respond at all, your license will be denied and a formal letter will be sent to your last known address. If this is the case and you decide to seek employment again as a salesperson you will need to request a hearing within 60 days.

If you have been convicted of a crime during the last five (5) years, or you are on court ordered probation, your application must go before the Board for approval. If you have been convicted of a felony under Title 18, Articles 3, 4 or 5, or any similar crime under federal law or the law of any other state; or a 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, you will not be able to hold a salesperson license for 10 years from the date of conviction. (12-6-118 (7) C.R.S)

Owners/Managers please make sure that if the sales applicant marks "Yes" on Question #6 of the salesperson application, that all court documents are included. If you have any questions contact Kaye Kopecky, Public Information Officer, at 303-205-5784 or email akopecky@spike.dor.state.co.us.

Licensing Leads *by Debby Shriver, Licensing Manager*

Changing Class

At the October meeting, the Dealer Board implemented new guidelines for the Division to use when reviewing class change applications. Licensees wanting to change their class of license from a retail to wholesale or wholesale to retail must met the following requirements:

1. A current financial statement showing a net worth of at least fifty thousand dollars ($50,000);
2. A Trans Union empirica risk score of 600 or higher, no unpaid judgments, liens, or collection accounts, and no foreclosures, bankruptcies or repossessions within five years preceding the date of application;
3. No negative complaint history of unresolved complaints or investigations;
4. No delinquency on the licensee's State sales tax account.

Any licensee not meeting the above criteria will be referred to the Board for review. It is suggested that if you have any concerns with your credit score(s) you may want to run your own report prior to submitting the application to change class.

Web Access For Auto Industry Inquiry

We are pleased to announce that our Web access for Auto Industry Dealer and Salesperson information is now available at no charge. Here are some instructions to help you access our Web site.

You must have Internet access with a compatible browser (Internet Explorer 5.0 or greater, Netscape 4.5 or greater).

Enter our Web site address: ids.dor.state.co.us

Password: A user must enter a 6 to 8 character password along with their User ID to sign on to the system.

Click on the Logon Button, the system will check whether the entered User ID and Password exist on the IDS system and, if they do, take the user to the IDS Search screen.

New User: The system takes you to the IDS Profile screen where profile information and request to become an IDS system user must be entered. Enter your Password again retype your password. Enter your email address, last name, first name and the name of your dealership or company. Must be formatted like "AutoInd/Dealership name" (AutoInd indicating you will be inquiring on dealers/salespeople and the name of the dealership/company you are representing). In the phone number field the system is picky, put (parentheses) around your area code.

Accounts: Accounts will not be used since you are not charged for dealer/salesperson inquiry. This field is not applicable.

Click on the Update button, and submit the request. In addition email the System Administrator at scolborg@spike.dor.state.co.us as notification that an Auto Industry request has been submitted. The System Administrator will review requests and an email will be sent to the address you entered on the IDS Profile screen once the request has been approved or denied.

You can then return and do a search. Enter your User ID and Password, click on Logon button or hit the enter key.

Click on the arrow and go to Inquiry Auto Industry Salesperson or Inquiry access to Dealers.

Any questions/problems contact Sherry Colborg at 303-205-5698 or email to the address above.

Investigation Insight *by Supervisor Investigator Mary Marvin*

You heard the old saying 'buyer beware'. Here's a 'dealer beware'. Investigations has become aware of several dealers accepting cashier's checks from customers that are fraudulent. A true example, customer agreed to purchase a vehicle, all negotiations conducted via e-mail, for $54,995.00. Customer claims he lives out of the country, sends a cashier's check and will have the vehicle shipped to him. Dealer received a cashier's check in the amount of $97,452.89. Customer sends another e-mail claiming the funds have been remitted and should be in the dealer's account, however, there was a serious blunder as to the payment remittance. The bank made an error by remitting $97,452.89, which means there is an overage of $42,457.89. Customer requested the dealership refund the overage. The cashier's check was fraudulent. Prior to releasing your vehicle or sending any type of refund, verify with the bank that the cashier's check is in fact authentic. Several other dealers have informed us of cashier's checks being remitted for the exact payment of the vehicle and learned the cashier's checks were fraudulent. Dealer beware of all checks submitted as payment, whether it is cashier's check, certified funds check or personal check. Take the time to verify its authenticity.

Reminder to Dealers

All AID forms are available on our website and can be downloaded; however, when submitting these forms make sure that you fill them out thoroughly and accurately and provide the **correct number of copies**.

Besides obtaining all AID forms, our website contains other written material regarding the Auto Industry Division. Please check out our Internet home page website at **www.mv.state.co.us/dealer.html**. You may also email our Public Information Officer at **dealers@spike.dor.state.co.us** with any questions or concerns.

DEALER BOARD MEMBERS

President, Fred Emich
First Vice President, Gretchen Olson
Second Vice President, Jeff Carlson
Bob Feder, Jon Kroneberger, Steve Perkins,
Mark Striegnitz, Jim Varner, Dale Spradley
Executive Secretary, Linda Petkash

AUTO INDUSTRY DIVISION

Division Director, Linda Petkash
Licensing Manager, Debby Shriver
Investigator Supervisor, Mary Marvin
Public Information Officer, Kaye Kopecky

Correspondence is welcome. Address to:
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, 4420 Austin Bluffs Pkwy, Colorado Springs.

License Law Seminar - Ft Collins: Second Wednesday of each month at 10:00 am, 1121 W Prospect Road, Ft. Collins

License Law Seminar - Lakewood: Third Tuesday of each month at 9:00 am, 1881 Pierce St, in the Department of Revenue Building, Conf. Rm. C, Lakewood.

Note: Times and locations are subject to change.
Call the Auto Industry Division at (303) 205-5784.

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.

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

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