

Used Motor Vehicle and Parts Commission Report By ADR Staff

Commissioner Steve Ross convened the April 8, 2014, session of the Used Motor Vehicle and Parts Commission. Following roll call and approval of the March meeting minutes, Ross called on Commission Director John Maile for the Director's report.

Director Maile deferred to Legislative Liaison Curt Roggow for the legislative update. Mr. Roggow reported that Senate Bill 792, the Car Crusher bill, remains in a holding pattern and will be advanced to the conference committee within the next several weeks.

Maile continued the Director's report by recommending that the Commission pursue a fee increase next year in conjunction with the effort to enact multi-year licensing. Maile will provide details on revenue sources to the commissioners via email. The effort should begin within the next few months in order to be ready for the next legislative session. In response to a question from Commissioner Coddling, Maile indicated that mandatory salary increases are the only anticipated changes to expenses. He further noted that the staff is trying to keep technical updates within reason.

Commissioner Ross then called on Chief Investigator John Lancaster for his report. Lancaster reported that staff completed 26 inspections, issued nine cease and desist letters, and handled 18 complaints during March. Of the complaints, five were related to title issues; six to contract issues; two to mechanical issues and five to miscellaneous issues. The Commission staff held 11 informal hearings involving Drive N Style Motors, Burkes Buggys, Al's Auto, Let's Roll Auto Sales, Paris Auto Sales, Courtney Unlimited Auto Sales, Down The Road Motors, Sallisaw Auto Brokers, Stallings Wholesale Motors, Lee Sales Used Auto, and Chavez Chassis. Investigators performed 11 wholesale dealer audits. Lancaster indicated that the paperwork at wholesale dealers is generally not as good as required. In order to help them improve, they are being encouraged to attend the off-site education class when it is in their area. Twenty-four dealers attended the on-site education program in March.

Applicants for a new license and dealers involved in significant rule violations are required to attend the Commission's education program as a part of acquiring or maintaining a state license. These education sessions are being held in conference room at 2401 NW 23, Oklahoma City. Classes are held on Monday prior to the Commission meeting on the second Tuesday of each month. The sessions run from 9 a.m. to about noon or 1 p.m. You are asked to make reservations so staff can be prepared to accommodate you. Call the Commission at 405-521-3600 to make your reservations.

Maile then raised the issue of the floor-plan / consignment arrangements being promoted by an Oklahoma City dealer. John Crittenden, Attorney General Liaison, reported that he had reviewed the consignment agreement and found no conflict with Commission Rules. Crittenden further indicated that the documents appeared to have been professionally prepared. In

discussion, various commissioners indicated their concern that the consumer is being misled by the arrangements. Under the current agreement, the consumer may not be aware that he is purchasing a consigned vehicle until finalization of the transaction. The consumer may be under the impression that he is purchasing a vehicle from a particular dealer when, in fact, he is purchasing from a different dealer. Commissioners reiterated their preference to clarify the consignment language through a Rule change.

Commissioners considered the application for a used motor vehicle dealer license submitted for 48 Auto, LLC. Principals are Sandra Lynn Allen, Harry Allen, Jr., Judy Allen, and Nickolaus Ty Allen. Principals are immediate relatives of Nick Allen, Allen's Used Cars, who is under court order to refrain from participation in a licensed dealership because of activities associated with title laundering of salvage vehicles. At the request of Chairman Maile, Chief Investigator Lancaster summarized Nick Allen's disposition of the 16 vehicles remaining in inventory at the time of the court order in 2013. According to Lancaster, 13 vehicles went to Let's Ride in Okmulgee but Let's Ride never paid for the vehicles. Let's Ride was unable to sell the vehicles and titles were then assigned to Alliance Motors of Tulsa. An agent of Alliance took the vehicles to Bristow where three were sold in return for payment by check made payable to the agent. At the time of transfer of these three vehicles, Sandra Lynn Allen served as notary on the titles. Upon questioning by Maile, Ms. Allen (wife of Nick Allen) indicated that she had previously assigned titles to the vehicles but had never collected any money for them. She further indicated that she had served as notary for Nick Allen on the fraudulent titles that gave rise to Allen's court order, and that she was not fully aware of what her husband was doing (with respect to the fraudulent titles) but that she had advised him he should not be doing it. With respect to the license application under review, Ms. Allen indicated she would run the business without assistance from Nick Allen. She further indicated that her intention was to have vehicles rebuilt on a contract basis. After discussion, a motion was made to deny the application, in part because of the safety issues relating to Nick Allen's former activities and in part because Ms. Allen was knowledgeable about those activities. Motion to deny the application received a second and was approved.