

## **Used Motor Vehicle and Parts Commission Report By ADR Staff**

Chairman John Longacre convened the May 13, 2014, session of the Used Motor Vehicle and Parts Commission. Following roll call and approval of the April meeting minutes, Longacre 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 a procedural incident had occurred with Senate Bill 792, the Car Crusher bill. The author had transferred the bill to another senator to use for a different purpose. At Roggow's request, Representative Pam Peterson had agreed to let the crusher language be inserted in her House Bill 1516. Roggow was reservedly optimistic that the procedural change would work and that the bill would be passed.

Continuing the Director's report, Maile addressed the need for a fee increase as proposed at the April meeting. The Commission's manufactured housing revenue is down approximately \$50,000 from 2004 levels primarily due to a drop in the number of licensees. Dismantler fees are also down for the same reason with the number of licensees dropping from 800 down to less than 400. The agency is required to submit 10% of its revenue to the state for support services; it is unlikely that the percentage can be reduced or eliminated. An increase in revenue of approximately \$100,000 is needed to achieve equilibrium. Maile recommended that the Commission ask for more than that in order to avoid the need for another immediate increase. Revenue can be increased by raising insurance pool fees to four or five dollars per vehicle and by raising used dealer and salesman, dismantler, and manufactured housing license fees. Maile also suggested the possibility of charging a fee for the education program to persons attending as a result of a violation. In order to accomplish the fee increases next year, a clear plan must be developed by late November 2014.

Commissioner Ross then called on Chief Investigator John Lancaster for his report. Lancaster reported that staff completed 21 inspections, issued two cease and desist letters, and handled 12 complaints during April. Of the complaints, four were related to title issues, three to contract issues, two to mechanical issues and three to miscellaneous issues. The Commission staff held eleven informal hearings involving A & K Auto Remarketing, Frisco Auto Group, Skyline Motors, Auto Planet, Cruce Auto Sales, Guthrie Auto Trust, Keywest Auto Acceptance, SAAD Car Sales, Autopars Sales, Five Star Auto Sales, and GAB Motors. Staff continues to focus on wholesale dealer audits, encouraging those whose paperwork is non-compliant to attend the education program. A permanent injunction was granted against Glen Christiansen for curbstoning. A temporary injunction was granted against Tavanger (a former dealer) for curbstoning.

Twenty-six dealers attended the on-site education program in April. 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 the 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.

Lancaster reported that investigators had visited The Key to discuss an advertising flyer brought to the Commission's attention at the April meeting. After reviewing the flyer, Josh Fish, the dealership principal, acknowledged that certain required advertising disclosures were missing from the piece. Fish indicated that the problem would be corrected. Staff reviewed paperwork on random sales and determined that vehicles were, in fact, being sold according to the terms offered in the flyer. Investigators also discussed with Mr. Fish the consignment agreements being offered to other dealerships by The Key. According to Lancaster, Fish indicated that the arrangements are overly labor intensive, that too few dealerships are interested in entering into such an agreement, and that The Key is considering replacing the consignment program with a financing program.

As a result of the consignment program being offered by The Key, Commissioners again reiterated their intention to accomplish a rule change that would amplify and clarify the consignment language governing independent dealers. Commissioners are concerned about the possibility that consumers will not realize they are purchasing a car from a dealer other than the one whose lot they visited. Commissioners generally believe that the transaction should be accomplished in the name of the consignee dealer. Staff was directed to draft a rule for presentation at the June meeting.