



# FAIR DEALER NEWSLETTER

Quarterly updates for the dealer and manufacturer industry

[www.dol.wa.gov/business/vehiclevesseldealer/dlrresources.html](http://www.dol.wa.gov/business/vehiclevesseldealer/dlrresources.html)

April 2008

## Greetings from the Administrator



The 2008 session of the Washington State Legislature is now over. Each January when the “session” comes around, things usually get pretty busy here in Dealer & Manufacturer Services. This year was no different, but now that the final gavel has sounded, things are finally getting back to normal.

When it was all said and done, probably the most significant piece of legislation for dealers was Substitute House Bill 3029. This bill requires the Department of Licensing (DOL) to create and provide access to a secure electronic internet-based system for generating and printing electronic dealer temporary permits on demand. The permit system must be in place by July 1, 2009, at which point dealers have the option to begin using the service. By July 1, 2011, dealer participation becomes mandatory and all dealer temporary permits must be generated using the designated system.

The legislative assumption appears to be that most dealerships in the state are already connected to the internet. The imperative will be that those few remaining dealerships not currently connected will need to arrange internet service no later than July 2011 if they intend to continue selling vehicles.

Personally, I think there are some great potential benefits to this new law. For example, I like the fact that the new system will provide real-time updates to the DOL vehicle records system. This way, when a customer drives off the dealer lot in a newly purchased vehicle, the DOL records will accurately reflect the new owner’s name and address. The old system took a while to get the official records updated, which at times became problematic for law enforcement officials involved in traffic stops, collision investigation, or other activities including criminal investigations.

I have also been watching with interest some of the other advances being made in how DOL receives, stores, and shares data and how this can impact our lives. Many of you are familiar with DOL's Enhanced Driver's License (EDL) program. This optional driver's license provides travelers with a low cost, convenient alternative travel document to a passport for entry at land and sea ports between the U.S. and Canada, Mexico, Bermuda and the Caribbean.

Here is an excerpt from the press release DOL sent out several months ago: *The EDL has similar security features to a U.S. passport, such as embedded Radio Frequency Identification (RFID) and a Machine Readable Zone (MRZ). The RFID is required by the federal government to facilitate rapid identification checks at the border. The MRZ can be scanned when the RFID reader is not available at the border crossing station. The RFID tag will only have a unique reference number and will not contain personal information about the applicant.*

I was impressed to learn recently that in the short time frame of just over two months since the Enhanced Driver License and Identification card (EDL/ID) program was introduced to the public, DOL has issued over 7,500 cards and has close to 21,000 appointments scheduled.

If you would like additional information about the Enhanced Driver License program, you can read more at the DOL website ([www.dol.wa.gov](http://www.dol.wa.gov)).

And speaking of information, here is an update regarding developments within the project DOL is working on with the Washington State Patrol. I gave a basic outline of this partnership in my column in the Fair Dealer that was published in February. If you missed that and want to get caught up, here is the link: <http://www.dol.waw.gov/business/vehiclevesseldealer/dealernews0208.pdf>

Just since the beginning of 2008, through the end of March, Dealer Services has now opened 60 unlicensed dealer cases based on information received from the WSP VIN lanes. Three final cease and desist orders have been issued with penalties of \$57,000. Eleven temporary orders are out there with \$78,000 in penalties.

The momentum is building almost exponentially. Administrations with DOL and the WSP are both very interested in seeing the continuing success of this remarkably effective partnership.

Dan Devoe  
Administrator

## **2008 Legislative Summary**

### **Three agency requested bills passed this legislative session**

The Department is pleased to announce three agency requested bills passed in the 2008 Legislative Session.

Washington residents can rest easier now that bail bond recovery agents, or “bounty hunters,” will be required to have more extensive training. We hope more regulations in this industry will help prevent complaints of bail bond recovery agents accidentally busting into the wrong homes and disrupting innocent people.

We are now able to investigate and act on cases of criminal activity, since we received a Criminal Justice Agency designation. This also enables us to work directly with prosecutors and proceed with criminal charges.

EDL/ID applicant information stored in our electronic database is now exempt from public disclosure laws. By extending exemptions in state laws and federal Driver Privacy Protection Act, we maintain citizen’s privacy and reduce their chances of becoming a victim of identity theft.

DOL is committed to protecting the safety and privacy of Washington residents. We feel the newly passed legislation benefits the state, its residents, and the DOL.

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### **Additional bills passed this legislative session that may interest you**

#### **HB 1923 – Requirements for Motor Vehicle Transporter License Applications**

An applicant for a transporter’s license is required to indicate if the license will be used to recover disabled vehicles from a public road or highway for compensation. If so, the applicant will also be required to indicate if the applicant is a registered tow truck operator.

**Additional bills passed this legislative session that may interest you**  
(continued)

**SHB 3029 – Relating to a secure internet-based system to generate temporary permits to operate vehicles**

The department shall provide access to a secure system that allows temporary permits issued by properly licensed vehicle dealers to be generated and printed on demand.

**E2SHB 2817 – Relating to contaminated motor vehicles, vehicles and vessels**

This bill requires the disposal of contaminated motor vehicles, vehicles, and vessels. It also makes it unlawful to sell contaminated motor vehicles before decontamination.

**2SHB 2514 – Orca whale protection**

This encourages the state’s law enforcement agencies to utilize existing statutes and regulations to protect southern resident orca whales from impacts from vessels. Provides for certain unlawful acts when approaching, intercepting, or feeding a southern resident orca whale, and provides for certain exemptions from these acts. It also requires the department of fish and wildlife and the state parks and recreation commission to disseminate certain information to educate Washington’s citizens on how to better protect the safety of Orca whales from impacts with vessels.

**SSB 6527 – Relating to the transfer of motor vehicle certificate of ownership and license registration**

This bill makes it unlawful to knowingly fail or neglect to transfer a motor vehicle title and registration by a purchaser.

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<b>Newsletter Editor, Kim Zuchlewski</b>			
<b>Questions or comments for the editor? Topics / issues you’d like addressed in the next edition of the Fair Dealer Newsletter? Please email <a href="mailto:kzuchlewsk@dol.wa.gov">kzuchlewsk@dol.wa.gov</a></b>			
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## Program Updates - EDL/ID Expansion Plans

We've been working hard to increase capacity in our existing offices and also expand EDL/ID services to Licensing Offices in regions where we're seeing the highest volumes. The current expansion plan includes the Mt.Vernon office and a new downtown Seattle office.

Some exciting news for Washington State is the recent announcement that our EDL/ID is now officially recognized by the U.S. Department of Homeland Security as an approved form of identification for international travel by land or sea. The EDL/ID is listed as an accepted alternate travel document on their website and in their communication materials. The Customs and Border Patrol Officers are being trained to recognize and accept the EDL/ID and Homeland Security is also doing outreach communications to educate the travel industry associations, including cruise lines and travel agencies.



By June 1, 2009, all U.S. citizens will need a passport, an EDL/ID, or other federally accepted alternate travel document to return to the United States from Canada, Mexico, Bermuda and the Caribbean. Washington is the first state in the nation to embrace the requirements of the Western Hemisphere Travel Initiative head-on, implement cutting-edge technology, and provide an acceptable alternate travel document to preserve trade and tourism across our borders.

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You may have seen a recent story in the news regarding our Enhanced Driver License (EDL). King 5 News reported a cruise ship employee in Florida did not accept the newly developed Washington State Enhanced Driver License as a travel document. It was incorrectly reported that U.S. Customs and Border Protection would not accept the document upon the traveler's re-entry.

The problem stemmed from a minor technology issue with the U.S. Customs and Border Protection's card reader not reading the EDL properly. This was an isolated incident and not indicative of a widespread problem.

The EDL meets federal requirements, and is an approved alternative to a passport for re-entry into the U.S. at land and sea borders. Approximately 10,000 Washingtonians are enjoying the convenience of border crossing using EDL/ID/

For additional information on the Enhanced Drivers License project, visit  
<http://www.dol.wa.gov/about/news/priorities/edl.html>

# DOL PARTNERSHIP IN FIGHTING CURBSTONING

*By  
Chuck Coach,  
Licensing & Compliance Manager*



Unlicensed dealer activity distorts a fair and balanced marketplace by creating a clear disadvantage for those licensed dealers who must comply with the law. In addition, public safety is compromised.

So what is the department doing about it? The Legal Services Compliance Unit of Dealer Services has established new and innovative ways to identify and fine those individuals who buy and sell vehicles without a license. How? By taking extensive legal action for unlicensed dealer activity in coordination with the Washington State Patrol (WSP).



Our goal has been and remains to prosecute individuals who process vehicles through the VIN lanes and are not complying with Washington State law. **The result . . . In the first 4 months (January – April) the WSP filed over 70 administrative cases with the DOL Compliance Unit. In response, DOL has issued 12 temporary cease and desist orders and 2 final cease and desist orders, with over \$150,000 in fines assessed.**

Unlicensed dealers are increasingly buying insurance-destroyed vehicles. These vehicles are rebuilt to questionable standards and subsequently sold to the unsuspecting public. **VIN lane personnel are turning in hundreds of cases to the WSP on a monthly basis. These cases are a result of salvaged vehicle inspections conducted daily which identify individuals who constantly buy and sell motor vehicles without dealer licenses, as required under RCW 46.70.021.**



## **Curbstoning** (continued)

The inspection process starts when curbstoners/unlicensed dealers purchase insurance/wrecking yard salvaged vehicles at various public auctions. These vehicles are required to be inspected for licensing by WSP VIN personnel. It is during this inspection that a determination is made regarding whether or not the person presenting the vehicle is an unlicensed dealer. The inspector checks all of the documents pertaining to the vehicle, such as bills of sale and receipts for parts that have been replaced on the vehicle.

**The high volume of “parts vehicles” purchased at various auctions and then stripped of their parts to complete another vehicle is an additional concern before the department and the WSP. RCW 46.12.030 (3b) iii prohibits that practice. RCW 46.80.010 and 020 require a wrecking yard license in order to lawfully dismantle vehicles.**

The buying and selling of vehicles through unlicensed dealers continues to be an area of the vehicle market that is emerging tremendously day-by-day. As consumers strive to protect their car-buying dollar and the time associated with this activity, more are utilizing those unscrupulous individuals who offer “a good deal.” These selling schemes, again, augment the ever-increasing demands on the regulatory community in protecting the car-buying public.

When licensed or unlicensed individuals violate the law, the Compliance Unit prepares the charging documents outlining the specific violations that have taken place. The Compliance Unit reviews the administrative case prepared by the field investigator or the Trooper to ensure the evidence provided meets all legal thresholds for license revocation, suspension or fine.

Most curbstoners/unlicensed dealers have registered their businesses with the state and have obtained some kind of business license. Businesses range from repair shops to barber shops. These unlicensed dealers are doing business under the name of the company showing on their license. Their illegal activity continues to distort a fair and balanced marketplace by creating a clear disadvantage for those licensed dealers who must comply with the law. The Department of Licensing will continue to work with all its regulatory partners and stakeholders to fight this threat to the public’s safety.



## Disciplinary Action Cases

January 1 thru March 31, 2008

**Affordable Collision Repair, Spokane**

*Finding:* Late title transfers

*Action / Penalty:* License revoked

**All American Auto Parts, Walla Walla**

*Finding:* Salvage

*Action / Penalty:* \$1,000

**Bulldog Towing Llc, Spokane**

*Finding:* Tow Truck Violation

*Action / Penalty:* \$5,000

**Brewer, David Bradley, Roy**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease and desist

**Cedar Rapids Towing, Renton**

*Finding:* Tow truck violation

*Action / Penalty:* \$8,000

**Cosmopolitan Motors, Llc., Seattle**

*Finding:* Salvage

*Action / Penalty:* \$1,500

**DVD Auto Sales, Llc, Woodland**

*Finding:* No bond rider received

*Action / Penalty:* License suspended

**Eden Autosports, Woodinville**

*Finding:* Place of business violation

*Action / Penalty:* License suspended

**Engel's Towing & Recovery, Puyallup**

*Finding:* Tow truck violation

*Action / Penalty:* \$15,000

**First Choice Auto Sales, Inc., Spokane Valley**

*Finding:* Dealer Temporaries

*Action / Penalty:* \$1,500

**George, John, Federal Way**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease & Desist / \$9,000

**Goodfellow Auto Sales, Spokane Valley**

*Finding:* Late title transfer

*Action / Penalty:* \$500

**Helen's Auto Sales, Inc., Des Moines**

*Finding:* Late title transfers

*Action / Penalty:* \$3,500

**Kansai Motor Sports, Seattle**

*Finding:* Salvage

*Action / Penalty:* Cease & Desist

**Kelly's Auto Center Usa, Woodland**

*Finding:* Consignments

*Action / Penalty:* License revoked

**M&H Auto Body and Repair, Seattle**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease and desist / \$1,000

**McGivney, Jerome Thomas, Puyallup**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease and desist / \$14,000

**Nice Cars Company, Bellingham**

*Finding:* Rebuilt

*Action / Penalty:* \$3,000

**M&M Auto Body, Redmond**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease & Desist / \$7,000

**Mountain Mitsubishi, Tacoma**

*Finding:* Place of business violation

*Action / Penalty:* License suspended

**Mountain Suzuki, Olympia**

*Finding:* Place of business violation

*Action / Penalty:* License suspended

## Disciplinary Action Cases

(continued)

**New Creation Auto Sales, Everett**

*Finding:* Rebuilt

*Action / Penalty:* \$500

**NW Auto Sales, Inc., Arlington**

*Finding:* Place of business violation

*Action / Penalty:* \$500

**Ralli-round, Seattle**

*Finding:* Salvage

*Action / Penalty:* License suspended

**Royal Towing Black Diamond, Black Diamond**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease and desist / \$500

**Shannon Towing, Lynnwood**

*Finding:* Tow truck violation

*Action / Penalty:* \$5,000

**Steve Johnson, Lakewood**

*Finding:* Unlicensed dealer activity

*Action / Penalty:* Cease and desist / \$8,000

**Taxi King, Seattle**

*Finding:* Salvage

*Action / Penalty:* Cease & Desist

**Triple Ttt Auto Sales, Inc., Spokane Valley**

*Finding:* Falsifying documents

*Action / Penalty:* \$3,000

**Trusty, Matthew / Allison, Hermiston**

*Finding:* Unlicensed Dealer Activity

*Action / Penalty:* \$24,000

**United Motors, Kirkland**

*Finding:* Failure to pay fine.

*Action / Penalty:* \$1,500

**Valentines Auto Sales, Inc., Spanaway**

*Finding:* No established place of business.

*Action / Penalty:* License suspended

**Valley Motors Limited, Spokane Valley**

*Finding:* Failure to pay fine.

*Action / Penalty:* \$3,500

**Wheels Plus, East Wenatchee**

*Finding:* Place of business violation

*Action / Penalty:* Licensee surrendered subagency license.

**72<sup>nd</sup> St Cell Phone and Auto, Tacoma**

*Finding:* Unlicensed Dealer Activity

*Action / Penalty:* Cease & Desist / \$12,500