



**Minutes of the Advisory Board on
Automotive Affairs**

held on April 18, 2008 at 10:00 am
at the Nevada Department of Motor Vehicles
Directors Conference Room, 555 Wright Way, Carson City, NV. 89511

*These minutes are prepared in compliance with NRS 247.035. Text is in summarized rather than verbatim format.
For complete contents, please refer to meeting tapes on file at the Nevada Department of Motor Vehicles.*

**THIS MEETING WAS PROPERLY NOTICED AND POSTED IN THE FOLLOWING
LOCATIONS ON MARCH 31, 2008**

Department of Motor
Vehicles
555 Wright Way
Carson City, NV. 89711

Nevada
State Library
100 N. Stewart St.
Carson City, NV. 89701

Department of Motor
Vehicles
2701 E. Sahara
Las Vegas, NV. 89104

Department of Motor
Vehicles
305 Galletti Way
Reno, NV. 89512

Department of Motor
Vehicles Website
www.dmvnv.com

1. Call to Order

- A. Steve Yarborough called to order the meeting of the Advisory Board on Automotive Affairs at 10:16 am.
- B. Board introductions took place along with the public that was present.

MEMBERS PRESENT:

Dick Mills, Pick -N- Pull
Michael Spears, Collision Authority – Co-Chairman
Robert Ellis, B&E Auto Auction
Samuel Stern, Consumer
Steve Yarborough, Sierra Service Station Co. - Chairman
Troy Dillard, DMV-CED

MEMBERS ABSENT:

Steven Craig, AAA Nevada

INTERESTED PARTIES:

James Campos, NCAD

2. Approval of December 18, 2006 Meeting Minutes

- A. The Chairman opened the December 18, 2006 meeting minutes for discussion, comment and approval. The Board approved the minutes without any changes.

3. Approval of January 09, 2007 Meeting Minutes

- A. The Chairman opened the January 09, 2007 meeting minutes for discussion, comment and approval. The Board approved the minutes without any changes.

4. Approval of April 03, 2007 Meeting Minutes

- A. The Chairman opened the April 03, 2007 meeting minutes for discussion, comment and approval. The Board approved the minutes without any changes.

5. 2007 Session Legislative Update (*Taken Out of Order, Originally Agenda Item # 6*)

- A. Troy Dillard with the Department of Motor Vehicles (DMV) updated the Board on the outcome of the legislation that passed. The Department's bill AB 452 passed as it was reviewed and was approved by the Board with one exception. There were minor modifications made by the Department to allow for bond reductions for car dealers, which is not in the purview of the board. This allows for a 50% reduction in the bond, provided the business was running satisfactorily. In addition to AB 452, AB 393, which was the Speaker's bill, had also passed with similar language; strengthening the regulations for controlling the garage registrants.
 - **Q.** Steve Yarborough – Did that include language and reference to bonding for garages?
 - **A.** Troy Dillard – Actually the Department's bill did not include bonding for garages. That was the Speaker's bill. The Speaker had it added into AB393, which changed the arbitration option that garages have for consumer disputes, to a mandatory \$5,000.00 bond with no exception. There is no arbitration clause; they are all being handled through the exact same means. Since it is impossible for the Department to enforce this new bond requirement on the garage registrants immediately, the Department elected to enforce this requirement at the time the garages renew their license and registration.
 - **Q.** Steve Yarborough – Did communication go out on this? I do not recall seeing anything notifying me of this change?
 - **A.** Troy Dillard – The bonding information was sent out by the Department in a legislative update letter to the industry in July.

6. Legislative Program Changes (*Taken Out of Order, Originally Agenda Item # 5*)

- A. Troy Dillard with the DMV updated the Board on the outcome of AB 393 and AB 2, which were the 2 bills that passed in the last session that affected garages and body shops. AB 393 gave the Consumer Affairs Division (CAD) primary jurisdiction to investigate garage related complaints. This means that the provisions that were once

under Chapter 487 and gave DMV jurisdiction over trade practices, were moved to Chapter 597 giving CAD jurisdiction. These changes left the DMV with authority over the registration of garages. If there is a trade practice complaint filed with DMV, they are now directed to CAD. Since the passing of AB393 affected DMV and CAD, both agencies agreed to enter into a Memorandum of Understanding (MOU). This gave both agencies guidelines to follow that aid in keeping the lines of communication open. Even though all complaints are now referred over to CAD, the CAD investigation might involve vehicle registration, which then falls under DMV's jurisdiction. As a result, once CAD has completed an investigation, and they determine that a garage has acted inappropriately, they will notify DMV, as the registering body. DMV will then utilize CAD's information to determine if a sanction of the garage registration is necessary. AB 2 required the Department to create a list of all registered body shops for insurance companies, so the DMV decided to also create a web page that displays all businesses that are licensed through the DMV which it updates every 24 hours.

- **Q.** Michael Spears – Is the process for complaints pretty much the same way for body shops?
- **A.** Troy Dillard – Yes, but there is a little difference. Body shops are licensed versus registered and there are additional laws within Chapter 487 that directs the activities of body shops to the DMV.
- **Q.** Michael Spears – Who is responsible for the revoking of a license, DMV? If CAD suggests that it be done, does DMV do it?
- **A.** Troy Dillard – Yes. CAD will notify us of the outcome of their investigation and a recommendation will be made based upon the severity of what was discovered.

B. The Attorney General's (AG) Office is still involved in the investigation process. They were given a \$750,000.00 revolving fund for covert operations on garages and body shops. There was no discussion detailing what methods could be used for conducting coverts, but the authority to facilitate the process was given to CAD's AG's office. The Board requested to review the process, since it is charged with reviewing matters related to the automotive industry. The Board was concerned that in the past covert operations were conducted poorly and later disproved, which harmed some legitimate businesses. Troy, with DMV, did not see a problem with the Board requesting that the Bureau of Consumer Protection share their methodologies and thoughts on how they plan to carry out this process. Troy suggested the Board draft a letter expressing their concerns and inviting the Bureau to the next meeting to discuss this matter.

C. Troy, with DMV, re-visited previous discussions based on the Boards responsibility to analyze and advise the Department concerning consumer complaints provided by CAD. Due to AB 393, this process has changed. Now the bulk of the complaints the Board is looking at will belong to CAD. Troy had also discussed with the Board the problem with confidentiality. The State is prohibited from releasing case information under Chapter 598, confidentiality requirements which CAD is also required to follow. Once the case is released to the DMV, then DMV is still held to the same confidentiality standard. Once the DMV has completed their investigation of any case, with the exception of the deceptive trade cases, they become public information. Troy is concerned that the Board is unable to accomplish one of the main responsibilities they were given. The majority of the complaints that are egregious are going to be the complaints that are resolved by

CAD and are not subject to public disclosure. One option that the Board does have is to review the cases from a statistical standpoint. The Board is concerned with how big the problem might be within the effective industry. The Board would like to monitor the problem statistically, and see what needs to be addressed. James with CAD notified the Board that they will be able to provide statistical data on their cases; however they are currently upgrading their computer system. The new system will be fully operational July 1st and then they will be able to collect needed data. Troy, with DMV, notified the board that when a complaint is submitted with 5 different violations, the DMV's tracking system will only track the primary (most egregious) complaint. All of the complaints will be part of the case but the system only tracks and reports the primary violation. Additionally, even though a case is submitted one way, the findings may be reported differently. The board requested the following statistical data from CAD and DMV be reported back. Troy suggested that the board also take a look at their specific charges and perhaps make recommendations for change in the next legislative session or add it to the report that is required to be filed by January 15, 2009.

- **Statistical data the Board would like to review:**
 - What is the number of licensee's.
 - Total number of complaints broken out by industry.
 - The type of complaints.
 - What the findings were (statistically).

D. Troy informed the board that this year there were a lot of new garages added into the program as a result of SB 452 which expanded the definition of what falls under a garage registrant. The DMV's Compliance Enforcement Division (CED) has been out in every area of the State educating all of those locations. CED has also utilized phone books to locate and notify garages about the new requirements.

7. Addition of Consumer Affairs to the Board

- A. Previously, the board held discussions pertaining to inviting CAD to be a member of the board. Troy has taken this idea to CAD and they are interested in being a member however, this would require a legislative change. The board also suggested having a member of the AG's office added to the board to cover all three of the sanctioning bodies. Troy suggested including a recommendation in the annual report that a representative of CAD and the AG be made a voted member of the board with a four year term. The board was in favor.
- B. Troy and James Campos the Director of CAD have both been working very closely trying to set up a system to eliminate the gaps in communication between the two agencies to create a process that will flow smoother. The Speaker is aware of what efforts are being taken on the State's behalf and has attended CAD's quarterly meetings regarding the automotive repair industry.

8. Election of Board Officers

- A. The Committee motioned the nomination Steve Yarborough with Sierra Service Stations as Chairman of the Advisory Board on Automotive Affairs. All were in favor and the motion carried.

- B. The Committee motioned the nomination of Michael Spears with Collision Authority as the Co-Chairman of the Advisory Board on Automotive Affairs. All were in favor and the motion carried.
- C. Troy Dillard with the DMV motioned to have Section 8.4 Officers amended under terms of elective officers to serve a term of 2 years instead of the 1 now that the rotation of the membership is on a full four year cycle. All were in favor and the motion carried.

9. Informational Items – Discussion Only

- A. Troy Dillard with DMV inquired among the members of the Board if there have been any problems expressed within the industry concerning the changes that were passed in Senate Bill SB 452 which defined when a salvage vehicle is considered to be in its entirety as opposed to when it is considered to be in parts. Dick Mills with Pick-N-Pull feels that the language changed actually cleared up the confusion that had previously been expressed.
- B. Troy Dillard brought forth a clarity issue that he discovered within regulation for the Board to discuss and if needed placed on the next meeting agenda for recommendation to the Department concerning salvage vehicles. The law currently only allows for a salvage vehicle to be sold to a licensed business such as a dealer, wrecker or salvage pool. It may not be sold to a member of the public nor may a member of the public sell it to another member of the public. Since the change in recent regulations, the dismantling certificate is now called a salvage certificate. Anytime a vehicle is acquired by a wrecker, the law requires the wrecker to change the title to salvage because of the type of license they hold even if the vehicle is in pristine condition. The confusion occurs when a member of the public wrecks their vehicle, they technically can only sell to a rebuilt dealer or wrecker and only after the vehicle has been declared as salvaged. It is then that the dealer or wrecker may resell it to the public once it is rebuilt.
 - **Q.** Steve Yarborough – If a wrecker takes in a vehicle and puts out the lien process and resells it, is that an automatic salvage at that point? Even if there may not be anything wrong with that vehicle?
 - **A.** Troy Dillard – Yes, for a wrecker to own a vehicle it has to hold a salvage title.

The salvage title was created because cars were being sold on street corners and they were unsafe. The whole point of that salvage title was to track these vehicles so that they couldn't be sold if unsafe. The reality of the issue is that a lot of these cars do not get declared salvaged, and they are being sold to private parties and then the next person fixes the car and it never gets documented and that was part of the intent, to not allow the transfer to take place between private parties. Troy believes the language remains as written because it is too confusing to write another way. The intent of the language was to document these vehicles for safety purposes, but it is too hard to enforce within the private party sales. The Board agreed that enforcement would be an issue, and that the problem is not within the industry but within private party sales. Since no complaints have been filed, the language should remain as it is written.

- C. Troy with DMV, updated the Board on a new policy that the Department is looking at with regards to dealer sales. It has been found that theft of vehicles that have been purchased from dealers (with 30 day registration placards) has increased. There are rings

targeting these vehicles because there is no way to trace the vehicle unless it is reported stolen. Many times the Department does not see these vehicles until after they have already been resold. Every vehicle that is registered in Nevada is put through a stolen vehicle check; however there is a delay with the lien sale vehicles. This check is not able to be processed prior to the vehicle being sold. The Department has approached the Franchised Dealers Association to see how they would feel about changing the placards that exist today to a more secure one. This would require that every vehicle that leaves the dealership be entered into a database that would report to the DMV and law enforcement agencies. The barrier is that this system is not currently part of what is used by the dealerships now, so they would be required to enter additional data into a special site. Troy will keep the Board updated as details unfold.

10. Public Comment – Discussion Only

- A. No members of the public were present at the meeting.

11. Next Meeting and Adjournment

- A. The next Advisory Board on Automotive Affairs meeting will be set for the month of November in Reno.
- B. The meeting adjourned at 12:11 pm.