



VSA enquiry prompts action:

Washington State acts against unethical cross-border advertising by U.S. dealers

In a strongly worded letter to certain motor vehicle dealers, the Washington State Attorney General's office has cited numerous apparent violations of law and advertising standards in marketing efforts directed at British Columbians.

Late in 2007, the VSA queried Mary Lodbell, the State's Assistant Attorney General, responsible for the Consumer Services Bureau, pointing out worrying advertising that targeted Canadians, and enquiring about U.S. regulations. An exchange of information followed, some of which focused upon Canada's Goods and Services Tax (GST).

In February, Ms. Lodbell wrote to the alleged offending Washington State dealers advising them they had 20 days to have their lawyers contact her. In that letter, Ms. Lodbell highlighted the alleged infractions of both federal and Washington State law, and the State Attorney General's concerns regarding the sales event. Some of those included:

- Advertising that the GST payable is free is deceptive in relation to Canadian consumers who must pay the GST and applicable duties upon importation of a vehicle.
- Fine print disclosures that the GST was free were also misleading.
- Concern that there was nondisclosure to buyers of new vehicles, that the manufacturer's warranty would be voided upon import of the new vehicle into Canada.
- A failure to obtain the necessary temporary permits for off-site sales by all dealers who participated in the sales event is an unfair and deceptive practice. Such a failure is subject to civil penalties.

It became apparent in this exchange that Washington States' *Unfair Business Practices and Consumer Protection Act*, which facilitates civil penalties, costs, attorney fees and restitution as well as court ordered injunctions, is similar to

British Columbia's *Business Practices and Consumer Protection Act*.

Washington State dealers were referred to the VSA web site for information on B.C. practices. Similarly, our industry may wish to visit the Washington State Attorney General's web site on motor dealer advertising tips located at: <http://www.atg.wa.gov/dealers.aspx>.

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Special Report:

VSA relations with U.S. regulators

A detailed report about both this initiative on cross-border advertising and the developing liaison between the VSA and U.S. regulators can be found on the VSA web site, www.vehiclesalesauthority.com.

At the web site you will find:

- A special report prepared by **Ian Christman** (Director of Licensing/Deputy Registrar) and **Denis Savidan** (Manager of Compliance and Investigations).
- The complete correspondence from the Washington State Attorney General's office to specific dealers questioning the appearance of impropriety and/or illegal practices in their advertising to British Columbians.
- The advertisement that triggered this exchange, which the State of Washington found to be offensive.

Hands across the border

An outcome of this exchange is that the VSA has been invited to make a presentation to the Washington State Attorney General's Automobile Advisory Group (various industry stakeholders), chaired by Attorney General Rob McKenna, on April 1, 2008. This will provide the VSA with an opportunity to convey who we are, what we do and our current concerns to all who are involved in the Washington State industry. It will also help solidify direct communications with Washington State's highest law enforcement officers.

The VSA's **Ian Christman** (Director of Licensing/Deputy Registrar) and **Denis Savidan** (Manager of Compliance and Investigations) also attended the February conference of the National Association of Motor Vehicle Boards and Commissions. There they met representatives of sister agencies from various USA States and our Ontario counterpart to exchange information and establish communication linkages.

Alberta is also a member of NAMVBC but was not in attendance this February. The topic of this particular conference was Internet sales. Senior executives from Manheim and eBay Motors, also members of NAMVBC, were on hand to discuss trends, processes and security issues related to Internet sales of motor vehicles.

The group also holds roundtable discussions on current issues and trends involving motor vehicle sales. Members work co-operatively and exchange ideas and experiences in dealing with issues regarding compliance and enforcement. Where a particular jurisdiction has or is changing legislation, the group is informed and discussion ensues on the impact it will have on the North American industry.

www.vehiclesalesauthority.com
