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**DEPARTMENT OF CONSUMER AFFAIRS (DCA) CONDUCTS USED CAR
DEALER "BAIT AND SWITCH" ENFORCEMENT SWEEP**

FINDS 90 PERCENT OF DEALERS IN VIOLATION

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced the results of a 12-week investigation into used car advertising and the bait-and-switch tactics targeted to lure consumers into their dealerships. DCA's comprehensive review of hundreds of print advertisements in every major newspaper featuring car advertising resulted in violations being issued to 90 percent of the used car dealerships that advertised, which may yield up to \$177,000 in fines. More than half of these dealerships used bait-and-switch tactics by advertising cars after they had already been sold.

"With our finding that more than half of used car ads are fraudulent, it's no wonder that consumers are reluctant to trust car dealers with their hard-earned dollars," said Commissioner Mintz. "'Bait-and-switch' schemes are not only one of the oldest tricks in the book; they are also unfortunately often just the tip of the iceberg when it comes to dishonest business practices. I urge New Yorkers to check with Consumer Affairs before choosing a dealership, and I warn used car dealers that they will continue to answer to us if they don't clean up their acts."

DCA investigated all 31 of the New York City dealerships that advertised used cars in more than one advertisement between June 28 and September 8, 2010 in the *New York Daily News*, *New York Post*, *Staten Island Advance* (Friday Edition) and *El Diario*. DCA inspected each dealership to determine whether the more than 200 advertised vehicles were actually available for sale at the time that they were advertised. As a result, DCA charged fifty-five percent of the dealerships under the City's [Consumer Protection Law](#) for deceptively advertising cars after they already had been sold. One dealership advertised a car at least eight times after it had been sold and another advertised a car that had been sold nearly a year before they ran the advertisement.

While the sweep focused primarily on bait-and-switch advertising, DCA also issued other violations for failure to have the Police Log Book available for inspection, failure to record transactions in the Police Log Book, and failure to include a valid DCA license numbers in advertisements. Police Log Books contain critical information about the cars including when the dealer took possession of the car and when the dealer sold the car. The New York City Police Department refers to these police books when conducting searches for stolen vehicles. Nine dealers failed to record transactions in the police book and two failed to produce their police books. Three out of four dealers failed to include any license number or included the wrong license number in their advertisements. Consumers can use the license number to check that a dealer is licensed by DCA, check a dealer's complaint history, and also to file complaints about the business.

In 2009, DCA conducted a similar two-month investigation into the advertising of used car dealerships, issued violations to half of the 18 dealerships inspected, and charged 27 percent of the dealerships with advertising cars after they had been sold. This year, six of those nine used car dealers advertised again and three were once again

found to be engaging in these deceptive trade practices.

DCA licenses almost 1,000 used car dealers Citywide. Last year, DCA received 366 complaints about used car purchases and won more than \$3.75 million in restitution for consumers who filed complaints about used car dealers. Most complaints report “bait-and-switch” offers to lure potential customers into the dealership, unclear contract terms and high pressure sales tactics. DCA actively pursues unscrupulous used car dealerships and in the last year issued almost 200 violations and revoked licenses from nine dealerships.

To file a complaint with DCA, or for a free copy of the [Used Car Sales Consumer Guide](#), call 311 or go online to nyc.gov/consumers.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 71,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability. For more information, call 311 or visit DCA online at nyc.gov/consumers.

Shopping for a car? Follow these tips:

- **If buying a used car, first check if the dealership is licensed by DCA.**
Use the instant license check tool on the DCA Web site or call 311 to confirm that a used car dealer is licensed.
- **Get a copy of your credit report before you start shopping around.**
Correct any errors, or work on improving it before you apply for a car loan so that you get the best deal. Go online to www.annualcreditreport.com for a free copy of your credit report.
- **Get pre-approved for a loan BEFORE going shopping.**
The terms and eligibility requirements for financing can be complicated. If you are going to finance your car purchase, knowing rates before you shop will help you compare rates and find the best option for you. If you use your own bank or credit union, you will also be dealing with an institution with which you have a relationship if anything goes wrong.
- **Don't negotiate a purchase based on a monthly payment.**
Your goal is to negotiate the best price for the car at the lowest interest rate and for the fewest number of payments. Pay close attention to the terms; negotiate the total cost of the car, the interest rate and the total amount that you are financing. Then estimate the monthly payment amount.

- **Say no to "add-ons" and options.**
Most add-ons or options like paint and fabric protection, rust-proofing, extra security systems, extended warranties, etc. are cheaper when bought separately. Ask for a calculation of your monthly payments with and without the add-ons and options.
- **Never sign a blank or incomplete agreement or contract.** Only sign complete contracts. Never sign a contract if you don't understand the terms. If a car sale is negotiated in Spanish and will be paid in installments, the contract must also be written in Spanish. Always keep all copies of any contract or paperwork signed.
- **File a complaint with DCA.**
Call 311 or go online to nyc.gov/consumers to contact DCA.