

Thursday, February 7, 2008

## **NEW YORK CITY DEPARTMENT OF CONSUMER AFFAIRS HOLDS PUBLIC HEARING TO INVESTIGATE SECONDHAND AUTO DEALER PRACTICES IN NEW YORK CITY**

### ***Consumers, Industry, and Financial Experts Provide Key Testimony***

The Department of Consumer Affairs (DCA) held an exploratory public hearing today, gathering crucial testimony from consumers, industry leaders and financial experts, as part of its ongoing investigation into deceptive and predatory tactics within the secondhand auto dealer industry.

"The Department of Consumer Affairs, which initiated litigation against a number of used car dealers engaged in unscrupulous marketing tactics last spring, has also experienced an alarming spike in consumer complaints over the last few months," said Consumer Affairs Commissioner Jonathan Mintz. "Today we've invited consumers and advocates, as well as businesses and industry representatives, to testify before us at a hearing designed to aid us in getting right to the root of both the problems and the solutions."

Secondhand auto dealers are one of the 55 different categories of businesses licensed by DCA, with approximately 1,100 currently operating in New York City. Last year DCA received more than 650 complaints from consumers, ranging from deceptive and misleading advertising to adding additional fees to contracts without a customer's consent. To that end, using targeted watchdog protection in areas that may have a disproportionate impact on the poor, such as abusive auto selling practices, is a key focus of DCA's Office of Financial Empowerment (OFE).

The public hearing heard testimony from a variety of stakeholders including consumers, industry representatives, government agencies, financial experts and community groups to explore abuses within the industry, the adequacy of current laws, the availability of sound and affordable financing products for low and middle-income used car purchasers and strategies to better protect consumers. The Department launched its investigation of used car dealers in 2006, spurred by bogus scratch-off promotions that flooded the City.

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 alike, DCA licenses more than 60,000 businesses in 55 different categories. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. OFE is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes, to help them make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at [www.nyc.gov/consumers](http://www.nyc.gov/consumers).

Call 311 or go online to [www.nyc.gov/consumers](http://www.nyc.gov/consumers) to file a complaint with DCA, or for free copies of the *Used Car Sales Consumer Guide* and *False Advertising: How to Spot*

*It and Read the Fine Print.*

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**Shopping for a car? Follow these tips:**

- **If buying a used car, first check if the dealership is licensed by DCA.**
- **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](http://www.annualcreditreport.com) for a free copy of your credit report.
- **Never sign a blank or incomplete agreement/contract where you don't understand the terms; and always retain all copies of any contract or paperwork signed.**
- **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.
- **If a car sale is negotiated in Spanish, the contract must also be written in Spanish.**
- **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.
- **File a complaint with DCA.**  
Call 311 or go online to [www.nyc.gov/consumers](http://www.nyc.gov/consumers) to contact DCA.