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Kay Sarlin/Elizabeth Miller, (212) 487-4283

DEPARTMENT OF CONSUMER AFFAIRS CRACKS DOWN ON USED CAR DEALERS FOLLOWING TWO-MONTH LONG INVESTIGATION INTO “BAIT-AND-SWITCH” ADVERTISEMENTS

DCA Issues Dozens of Violations and Issued Tens of Thousands of Dollars in Fines to Used Car Dealerships Using Illegal Tactics

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced a crackdown on used car dealers using bait-and-switch tactics to lure consumers into their dealerships. Following a two-month investigation of used car dealers' advertisements, DCA conducted a targeted enforcement sweep, inspecting 18 dealerships in all five boroughs that advertised special car sales and deals, and found that less than half of dealers even possessed the cars advertised for sale. DCA issued 63 violations to 10 used car dealers. These violations included advertising cars that were not available or had already been sold, as well as advertising cars at prices substantially lower than what they charged in the dealership. Fines for violations written by the Department during its enforcement sweep could total more than tens of thousands of dollars.

“It’s not just unethical, it’s illegal to lure a New York City consumer into your store with prices that are too good to be true,” said Consumer Affairs Commissioner Jonathan Mintz. “Unfortunately, our most recent investigations showed that, more often than not, those great-looking deals just weren’t true. One way or another, used car dealers in this City are going to learn that the best way to run a business is to distinguish themselves by offering customers good, legitimate deals.”

DCA also cited dealers for failing to have Police Log Books available for inspection, which contain critical information about the cars including when the dealer took possession of the car and when the dealer sold the car.

DCA licenses nearly 850 used car dealers in New York City and enforces the City’s Consumer Protection Law. In 2008, the Department received more than 700 complaints about used car purchases, making it one of the top five consumer complaint categories. Most complaints included reports of bait-and-switch, unclear contract terms, financing issues, and high pressure sales tactics. In the past year, DCA reclaimed more than \$800,000 in restitution for consumers who filed complaints about used car dealers.

To file a complaint with DCA, or for a free copy of the *Used Car Sales Consumer Guide*, call 311 or go online to www.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 57 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 is the first municipal office of its kind in the nation with a mission to educate, empower and protect New

Yorkers with low incomes. DCA's OFE administers a citywide network of Financial Empowerment Centers and other products and services that help these New Yorkers 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.

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, 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 www.nyc.gov/consumers to contact DCA.