

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 0072

10927 HOUSE LABOR & COMMERCE

Affordable Affordable USED CARS

HB272

SECTION 1. AS 08.66.015 SALE OF MOTOR VEHICLES

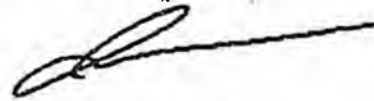
To Whom It May Concern: *Rep. Anderson*

Section 1 of this bill needs to be removed completely. Section 1 would limit competition in the State of Alaska with regards to used vehicles. When you limit competition the consumers of Alaska suffer. I'm sure it is not the intention of the Labor and Commerce Committee to limit commerce in the State of Alaska. If section 1., of HB272 was passed that is exactly what would happen.

Affordable Used Cars Inc. is the largest used car dealer in the State of Alaska with over 900 vehicles currently for sale on our lots in Fairbanks and Anchorage. Section 1 of HB272 would limit the way Affordable Used Cars obtains vehicles for resale. As an Alaskan Dealer it would put us at a disadvantage when competing with lower 48 dealers for good used vehicles to bring into the Alaskan market place.

I am free to talk with you on the matter before Friday's 3:15 committee meeting.

Jim Arpino G.M.



907-452-5707

828 East 8th Avenue • Anchorage, Alaska 99501 • (907) 274-2277 • Fax (907) 274-2278

2525 B. Cushman • Fairbanks, Alaska 99701 • (907) 452-5707 • Fax 452-6247

Date: May 7, 2003

To: Labor & Commerce Committee Members

I am writing in response to the House Bill 272, an act 'relating to motor vehicle dealers'. We, at Nordelyn Enterprises, are opposed to Section 1 of HB 272. We are asking that members of the committee rethink this legislation and remove this section altogether.

Section 1 of the bill is biased towards the concerns of only one group (franchised dealers), instead of looking at the whole picture, and other groups that would be affected by this legislature. Not only does it concern the continued business and existence of independent dealers, but it also affects all the companies involved in the export industry, including our company. Passing this bill will negatively affect a huge number of companies, businesses will have to downsize, shut down and many individuals will lose their jobs. I understand some concerns that franchised dealers may have, and understand the amount of money invested in their businesses, however, what about the independent dealers, the exporters, registered importers and so many others that have also invested time and money into their own companies? In our view, a State should not issue legislation to appease the complaints of one group, when there are so many other groups that will be negatively affected by it. It's not right.

The complaint that the franchised dealers are expressing is merely their attempt at restricting their competition. Canadian vehicles meet US safety standards, emission standards and their importation is sanctioned by the US Department of Transportation. The independent dealers have the right to sell these Canadian vehicles. Not only does it allow their dealerships to thrive, but it also gives consumers more options and better prices when purchasing vehicles. It helps foster a growing economy in Alaska. The rights of consumers need to be protected along with the rights of these independent dealers. The dealers should have the right to buy and sell vehicles, and not just specific types that only suit the needs of a frustrated competitor. We feel that it is wrong for a law to be passed restricting businesses to sell the same products at lower prices, and destroying a part of the export business in the process.

Thank you for your consideration of this matter,

Respectfully,



Lyndsay Fielden
Co-owner; Ontario Manager
Nordelyn Enterprises
Ph: 1-866-729-9927

FOCH LEASING

A DIVISION OF 743805 ONTARIO, INC.

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We are an international motor-vehicle exporting/trading company (located in Canada's largest auto-mall) that deals in both new and used vehicles consisting of cars, sport utilities, trucks and motorcycles.

We buy direct and sell direct to our clients therefore maintaining the highest level of service, value and integrity, since 1988. Our trading interests encompass 5 continents, supporting even the most diverse clients.

We handle vehicles from virtually every manufacturer!

Our website provides us the opportunity to give your clients immediate price and availability, even before they leave your dealership! Many of the vehicles that we export on a regular basis are listed in our database, offering you the benefit of giving instant price indications (or even actual vehicle offers) to your customers. New/used car dealers and wholesalers are invited to browse our fully detailed (including prices) stock list of motor vehicles available for export.

We also sell/service the U.S.A for imported vehicles from Canada and Europe.
 We provide buying and selling/purchasing services for new and used vehicles & tax financing.
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 Speedometer installation/conversion in Canada or the U.S. with statements.

We are active members of the North American Automobile Trade Association, Used Car Dealers Association, Ontario Motor Vehicle Industry Council, Toronto Dealers Association, and registered with over 15 auto auctions throughout Canada and the USA.

We ask that the members of the committee remove section 1 of HB 272, on the basis that this section is harmful to the interests of consumers and competition and is an illegal trade restriction that exposes the State government to liability under the North American Free Trade Agreement

This Alaska House Bill 272 will give manufacturers a market monopoly on vehicles sold to the public therefore not protecting the consumer but rather the big corporations. It also forces customers to pay high monopolized prices which permits no competition to benefit the market place. This would also place control of a market place to the big corporations only and therefore forcing many other non-franchised dealers out of business, such as ourselves.

This bill signals another "Microsoft" market which already is being forced to change its business by the US government.

Please remove the Alaska House Bill 272.

e-mail: autos@fochleasing.com

website: www.fochleasing.com

2450 MOTORWAY BOULEVARD, MISSISSAUGA, ONTARIO, CANADA, L5L-1X3



Vehicle Warranty Services, Inc.

709 S. State Rd. • Suite A • Davison, MI 48423

Ph: 810-652-0133 • Toll Free: 888-307-0133 • Fax: 810-652-0134

May 9, 2003

To Chairman Tom Anderson:

In response to House Bill 272, Vehicle Warranty services Inc. of Davison, Michigan, ask that the members of the Committee remove section 1 of House Bill 272.

Our business solely depends on the unrestricted free trade between America and Canada. VWS provides a required Service Warranty that is mandated by CFR 49. This warranty protects the consumer under guidelines set by the National Highway Traffic and Safety Administration.

If the proposed legislation is passed as written, **our company will go completely out of business.** For the sake of all our employees and families, **please remove section 1 from this bill.**

Respectfully,

A handwritten signature in cursive script that reads "Michael J. Harding".

Michael J Harding
Managing Partner,
Vehicle Warranty Services Inc.

Subject: CC of letter in support of hb 272 for L&C

Date: Tue, 06 May 2003 16:06:24 -0800

From: S ALLWINE MENDENHALL AUTO CENTER <main@gci.net>

To: josh_applebee@legis.state.ak.us

May 6, 2003

The Honorable Tom Anderson
Chair, House Labor and Commerce Committee
Alaska State Legislature
Juneau, Alaska 99801-1182
Re: HB 272⁵⁴

Dear Representative Anderson,

I am writing in support of HB 272. I intend to testify in person in Juneau on Wednesday and I will save my arguments for the public forum.

Through this letter, I wish to put a face to the membership of the Alaska Auto Dealers Association and their new car dealers throughout the state.

The Alaska Auto Dealers Association started in 1993. Our organization numbers 36 regular members and 5 associate members; the majority are new car dealers. Our employment in just new car dealers throughout the state totals approximately 3000 employees. The average new car dealer payroll is 2.2 million dollars. In our respective communities, the average new car dealer contributes about \$35000 annually in donations. New car dealer composition includes a publicly held company to literal "mom and pop" operations. New car dealer employee counts range from in excess of 250 employees to as little as seven.

My company is a small dealership; many used car dealers are larger. We employ about 28 people. I am active in the Juneau Rotary Club and the University of Alaska College of Fellows. I announce high school football in the winter and sponsor kid's scholarships in the salmon derby in the summer. I am not special, I am typical.

The perception that we wish to put used car dealers out of business is unjustified. Used car dealers must sell used cars. Section 1 of HB272 with the corrections recommended by the bills sponsor allows all dealers to be treated the same.

Simply stated all dealers can:

- 1) Sell a current model used if it is received as a trade in the normal course of business.
- 2) Sell a vehicle purchased from an individual consumer off the street.
- 3) Sell a vehicle purchased from a legitimate rental car company either directly or thru an auction.

A used car dealer cannot sell a "manufactured" used car.

Ultimately if a consumer has difficulty with a current model used car they turn to one source for assistance, the new car dealer. It is not appropriate for a used car dealer to have the ability to sell a new vehicle without having any responsibility or obligation beyond the sale.

Respectfully,

Steven J. Allwine
President
Mendenhall Auto Center

HONDA HUT TEAM TOYOTA GMC OF JUNEAU

May 6, 2003

The Honorable Tom Anderson
Chair, House Labor and Commerce Committee
Alaska State Legislature
Juneau, Alaska 99801

Re: HB272

Dear Representative Anderson,

I am writing in the support of HB 272. This will help our business in reducing customer complaints. Warranty coverage on current model used cars imported from Canada should not be allowed, as they are not the manufacturer warranty, but the customers expect us to honor this warrantee. Safety recalls are important, but both Honda and Toyota do not honor Canadian vehicle that are sold in the US to customers living here. This makes us look bad and this customer is frustrated even more because he was not told the truth.

Sincerely,

Rick Jacobsen

Cc:
Representative Lynn
Representative Dahlstrom
Representative Rokeberg
Representative Crawford
Representative Guttenberg



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 Anchorage, AK 99501
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 1-800-478-9641

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 Anchorage, AK 99520
 1201 S. Hoy Street
 Wasilla, AK 99687
 Phone (907) 376-6111
 1-800-340-4462

May 7, 2003

VIA FACSIMILE 907-465-2418 and Overnight mail

The Honorable Tom Anderson, Chair
 House Labor and Commerce Committee
 Alaska State Legislature
 Juneau, AK 99801-1182

Re: HB272

Dear Representative Anderson,

I am writing to express my support of HB 272, which is currently in your committee. The proposed changes will provide much clearer language pertaining to consumer protection as well as enforcement.

As a new car dealer, I strongly support Section 1, which will clarify the intent of the existing language. In our area, this pertains to the large import of vehicles manufactured for sale in Canada that have been brought into Alaska for resale. Because of the Canadian exchange rate, it is advantageous for brokers to make available newly "used", titled automobiles with a very few miles on them, sometimes less than 100 miles. These vehicles may undergo several title changes in a very short period of time before arriving on the local resellers lot for sale to the public. They are being marketed as a "used" vehicle to avoid the intent of the existing law. By modifying the language, it is much clearer what the intent is.

The reason for such a law is two-fold; protect consumers and protect franchised automobile dealers investment.

Consumer protection:

1. In order for a Canadian automobile to be sold in the US, their speedometers and odometers must be converted to miles from kilometers. This can only be done by authorized repair stations. When this is done, the manufacturer (in our case General Motors) notes the changes in their computer system, and the franchised dealer can service the components under factory warranty if all the other

warranty conditions apply. There are many documented cases of excessive mileage rollback, which have bilked consumers out of hundreds of thousands of dollars. I am enclosing as an exhibit, photocopies of plastic molded instrument faces to replace the manufacturers, which can be purchased for as low as \$9. (See Exhibit A) These are readily available to unscrupulous parties changing the instrument.

2. Depending on the manufacturer, many of the automobiles do not have factory warranty. They are sold with a service contract, which doesn't necessarily cover all the components, and doesn't require OEM parts to repair the automobile. Many repair shops will not honor these service contracts, so the consumer must pay up front and file for reimbursement from the provider.
3. Because these vehicles are "used" the Alaska Lemon Law will not apply to them, so if a consumer has a problem that would qualify for a new vehicle, they are out of luck.
4. The vehicles are most often delivered to the customer without any explanation of operation of the features on the automobile. We continually have folks come into our dealership with a concern, (many being sent here by their dealer because they don't have a service department) for repair when in fact it is a feature that the customer has not been shown how to properly operate.
5. Several times a year, we as a franchised automobile dealer, receive what is called a "stop delivery order" whereby the manufacturer has determined that there is a deficiency in a group of automobiles that warrants grounding them. These are usually major safety issues. Often, the manufacturer requests the owners of such vehicles not drive them, have them towed immediately to the nearest authorized dealer for repair. The consumer is then provided with alternate transportation. As an example, last year we had a "stop delivery order" on a particular group of sport utility vehicles that had been identified with cracking of the lower control arm assembly. They were the TrailBlazer, Envoy and Bravada. When this stop order was issued, we observed 5 such newly "used" automobiles on local used car lots with very few miles on them. The manufacturer had no way of alerting the owner that the vehicles were completely unsafe to drive. There is also the issue of major recalls which there would be no way to communicate with the current owner.
6. Because Canadian motor vehicle registrations don't contain lien information, buyers have no way of knowing that there may be an existing secured interest in the vehicle. (See exhibit B)

7. In some areas in Alaska, law for the safety reasons requires automobile daytime running lights. Vehicles manufactured for resale in Canada have brighter daytime running lights than allowed in the US; therefore, importers usually disconnect the lights. This would probably be transparent to the driver who thought their running lights were on.
8. In the case of GM automobiles sold in Canada after 9/1/2002, unless the odometer repair or replacement was performed by an approved source, the vehicle is ineligible for warranty work. The odometer issue isn't a problem if the owner is a Canadian citizen coming in for warranty work.
9. GM will not extend dealer requests for "goodwill" warranty payment on any vehicles manufactured for resale in Canada that has recently gone beyond warranty limits.

Franchised automobile dealer:

Background: A franchised new automobile dealer is required by their Sales and Service Agreement to make huge investments in his business. This includes facility with appropriate square footage for display and inventory of the vehicles, specialized tools, equipment and computers for diagnosing and repairing the automobiles, factory training for sales staff and technicians, substantial investment in replacement parts inventory. For this we invest millions of dollars to adequately deliver, educate and service consumers on the automobiles they are buying.

When the imported Canadian vehicles come into the market, they not only erode consumers' perception of the manufacturer because of the above problems they encounter, it also affects the local job market. In terms of sales representatives employed, it is probably the same, however, because many of the automobiles do not qualify for manufacturers warranty, it has lessened the amount of work available to technicians as well as parts sales representatives, therefore diminishing the employment from levels if the imported vehicles were not allowed unless they met the requirements of the law as intended and rewritten.

In our store, we employ just under 300 persons to assist in this endeavor, and have a payroll and benefits of nearly \$15 million dollars annually. This is for the "right to sell" new automobiles manufactured for resale in the US. We cannot knowingly sell new automobiles to buyers who intend to export, nor may we sell new automobiles manufactured for resale in Canada or Mexico or anywhere else.

Because of recent economic conditions the US dollar will buy about \$1.40 Canadian, therefore the incentive to establish a pipeline of straw purchasers to make a bonifide deal

with the franchised automobile dealer in Canada, turn around immediately and "sell" the new automobile to another party, often without driving any farther than the next buyers location. They are then put in the pipeline to go to an importer who does the cluster change outs and immediately sells thru auctions or directly with dealers of used cars and trucks. They can usually purchase the automobiles for less than the franchised automobile dealer pays for their inventory, of vehicles manufactured for resale in the US

The automobiles are not identical, even though the same models are typically manufactured in both countries. What is standard equipment in one country may not be in the other, and as previously stated, electronics and safety options are not necessarily the same.

Many times the dealers are able to purchase these vehicles before the local franchised automobile dealer receives them from their respective manufacturer. (Example: Chevrolet Avalanche, Cadillac CTS, Chevrolet and GMC pickups equipped with Duramax diesel engines). Once again, the franchised dealers make a huge investment in people, facility, inventory and community to sell the new automobiles.

I ask your support in passing the language as redrafted in HB 272, particularly Section 1. If you have any questions, I would be happy to respond.

Cordially,



Diana L. Pfeiffer

President, Alaska Sales & Service, Inc.

President, Alaska Automobile Dealers Association

Encl.

EXHIBIT
A



Ph. 604-253-2599
Fx. 604-253-2630
Email: ascproducts@telus.net

September 6, 2002

To: *ALASKA Sales & Service*
ANCHORAGE, AK.

RECEIVED

SEP 27 2002

ALASKA SALES &
SERVICE

Hello *TIRE CLERK;*

If, as they say a picture is worth a 1000 words then similarly so, allow us to introduce our Company to you by giving you these enclosed 3 SAMPLE Speedometer faceplates for your inspection. (1 molded 2002 CAMRY) & (2 flats for GM/VENTURA and DODGE/RAM-with tach).

Yes, we are a Company new in the speedometer conversion business but with very experienced staff and state of the art equipment; the name ASC stands for Automotive Screened Conversion products and are of the highest quality at the best possible prices.

Enclosed herewith as well is a Product Listing/Order Form showing the items we are presently shipping. Any models which may not be listed, can be ordered for shipping in 7-10 days.

Please honor us with a trial order at your earliest convenience. Pricing Molded Products at \$19.00 US, Flat Products at \$9.00 US.

Thank You, Sincerely

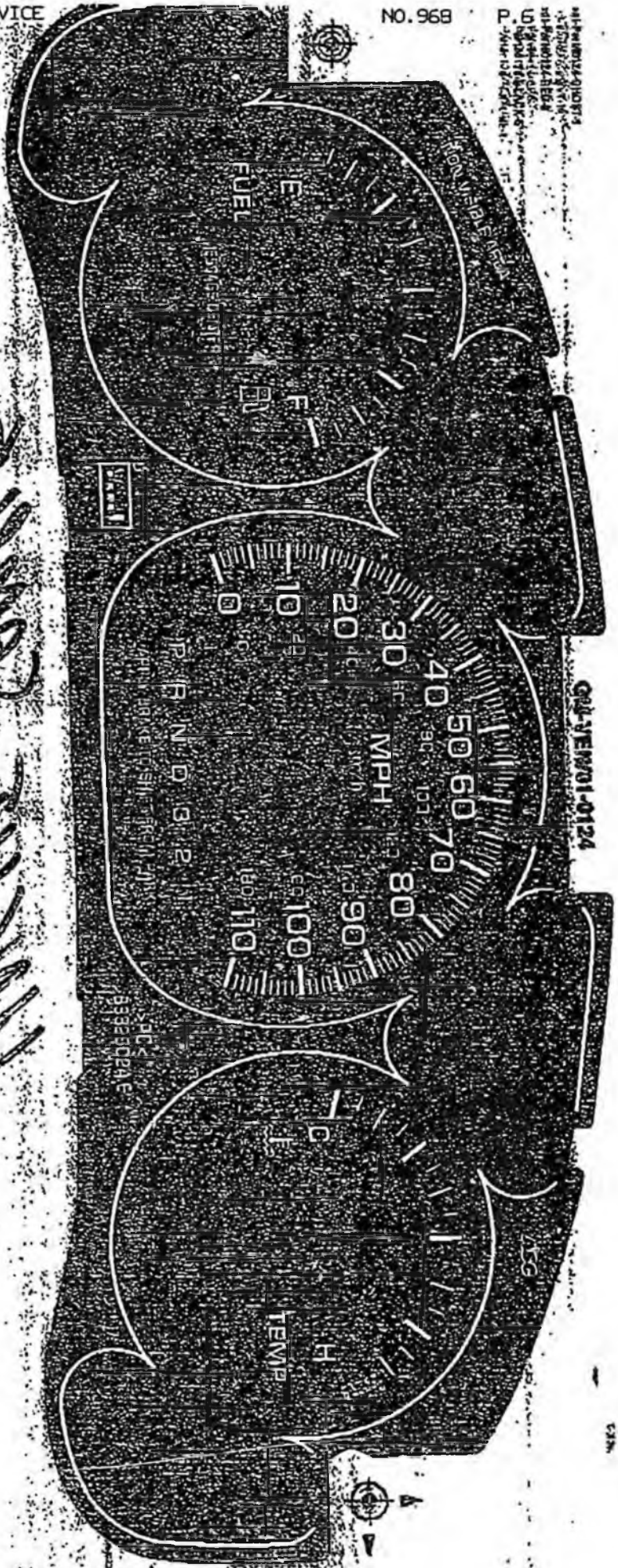
L.J. Verlaan

PS: Our website is presently under construction.

NOTE: A 5% Cash Discount
May Be Subtracted For Payment
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ALFA ROMEO 1500 1974
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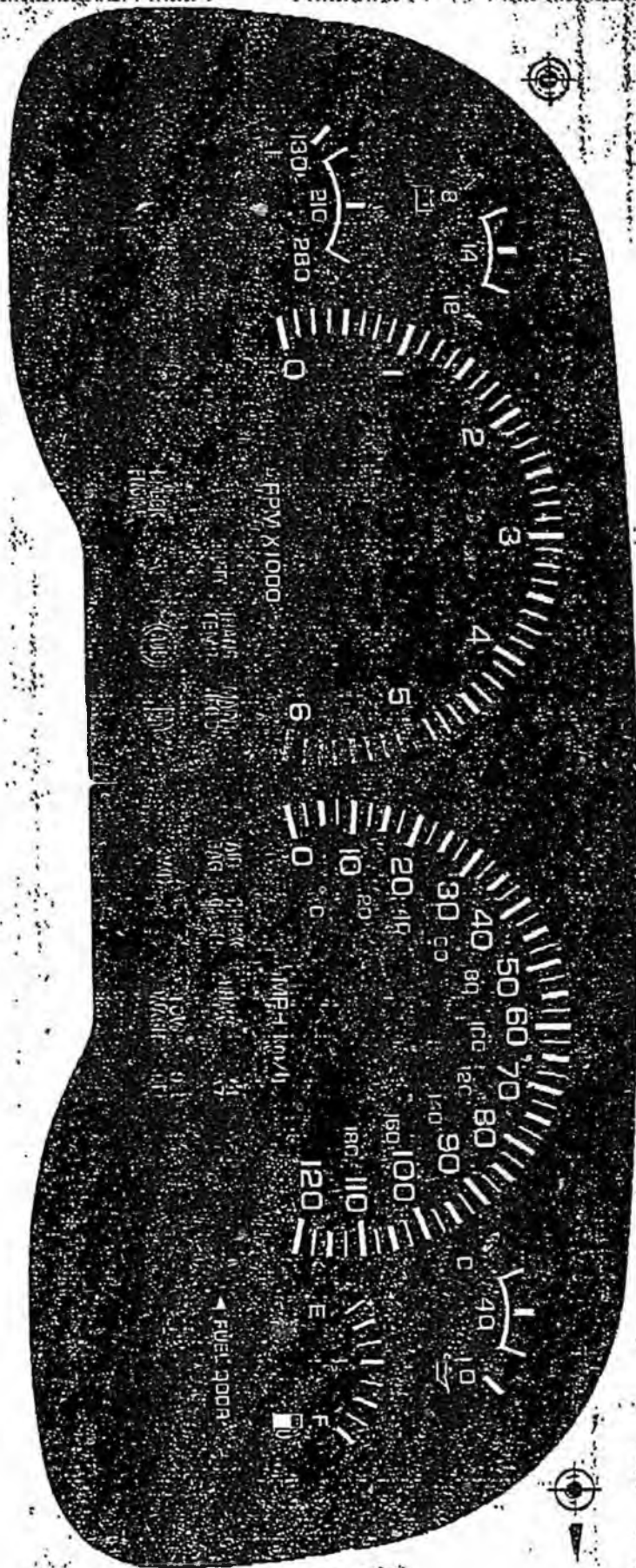


EXHIBIT B

Sub-Prime Dealer Buys Hot Cars from Canada Cost Dealers Cold Cash

BHPH Stores

By Danielle Caspar
Staff Writer

SCOTTSDALE, Ariz. - A chain of used-vehicle dealerships that focuses on sub-prime buyers has branched into the buy-here, pay-here market.

Future Carz (OTCBB: FCZI) paid \$4.2 million for the assets of Colfax Financial, which operates buy-here, pay-here stores in Arizona and underwrites sub-prime loans for other local dealers.

The Colfax assets include 800 active used-vehicle contracts, the company's current vehicle inventory, furniture and fixtures and three stores, Future Carz stated. Colfax has been in business for five years.

The buyout allows Future Carz to branch into the buy-here, pay-here market. It will also continue Colfax's sub-prime underwriting business, according to Future Carz President Edward Heisler.

"There are synergies between the operations of Colfax Financial and Future Carz, and this purchase will benefit both companies greatly," he added. "This asset purchase from Colfax Financial and its related companies is a strong strategic move for Future Carz."

U.S. dealers who buy vehicles in Canada put themselves at a high risk of buying a vehicle with a lien if they don't investigate their purchases first.

Many crooks look to international commerce as an effective means of selling stolen or embezzled vehicles. Failing to check an import vehicle's history could potentially cost dealers thousands of dollars.

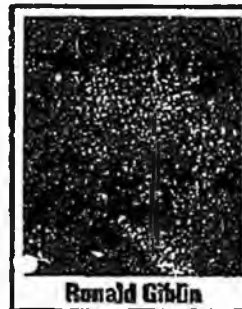
Ten years ago, about 15,000 used vehicles were exported from Canada to the United States. Now that number is over 225,000 - ultimately increasing the odds of trouble, says Ronald J. Giblin, CEO of LienQuest.com.

LienQuest.com is a database Web site at the forefront of battling auto theft and embezzlement. Since it went into full speed Aug. 1, the Web site is the only of its kind to connect registration information on vehicles in all 13 Canadian provinces, Giblin said.

Such a Web site is a powerful tool for U.S. wholesale buyers who import a high volume of used vehicles from Canada into the U.S. and are consequently at a higher risk of buying a vehicle with a lien that might have originated from a "fly-by-night" dealer, Giblin said.

Problems arise from the fact that both countries use divergent vehicle tracking systems. According to Giblin, Canada uses a registration certificate rather than a title for documenting a vehicle's history.

But unlike the U.S. title, a certificate does not contain information on loans or liens. Subsequently, when someone - often a dealer - buys a vehicle from Canada, he or she can



Ronald Giblin

use the certificate to get a legitimate title in the U.S. and never know there is an existing secured interest on the vehicle, Giblin said.

Because title clerks at state department of motor vehicles are not trained to research Canadian certifications (much less ones written in French), valid titles are sometimes given on illegitimate vehicles, he added.

"No one knows different until someone stops making payments (on the vehicle)," Giblin said. "It's a great opportunity for not the best characters to take advantage of the situation."

The chances of getting the original

perpetrator to pay off the lien are slim," said, since many know the loopholes in the system and find it very convenient change names or create fictitious companies with perhaps only a post office box as address.

"About 35 percent of the vehicles stolen are never recovered," Giblin said.

Those who are caught trying to : through the loopholes are generally face with a slap on the wrist, he said. No troubling is that these fly-by-night dealers are finding it cost effective to use children as their cohorts, knowing they will face less severe penalties if caught and generally work cheap.

"It opens them to a life of crime," Giblin said.

For example, if a lender or a dealer in Canada places a lien on a vehicle that is sold to someone in the United States by a fly-by-night dealer, that lender or dealer has for months to put that information on the U.S. title, he said.

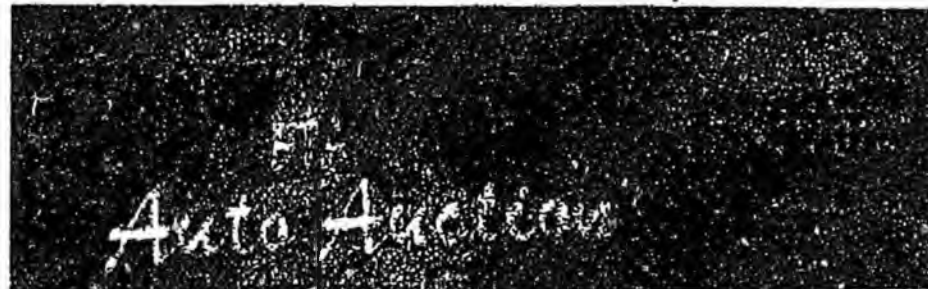
But most of the time, Giblin said lenders are not aware if a vehicle has been transferred to the states, therefore the information is never passed on in time.

"Someone is going to pay somewhere

Continued on page 1

Auto Resale Weekly

The Used Vehicle Industry's Weekly Newspaper
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CANADA CARS

continued from page 4

down the line," Giblin said. "The last guy on the totem pole gets stuck with the bill."

In this scenario, which Giblin says happens more times than can be counted, the lender or dealer is held liable to pay off the lien rather than the consumer who bought the vehicle because the consumer is viewed as an "innocent possessor" and is not in the "business of vehicle transactions."

In Canada, Giblin said the stolen and embezzled vehicle industry costs the used-vehicle industry about \$1 billion a year in Canada — a price he says is 10 times greater in the U.S.

"The best protection is to make sure a vehicle has no lien in the 13 jurisdictions in Canada online," he said. "It's no different than finding out if a house has an existing mortgage"

With LienQuest.com, it takes as "fast as technology can do it" to find out if a vehicle has a lien, according to Giblin. No more than an hour and for about \$177 in Canadian dollars per search, a dealer can stop the problem before it ever happens, he said.

Training DMV workers will also help gatekeepers of U.S. titles and Canadian certificates more aware of the situation, he added.

"In a perfect world, we'd have a North American database of birth to death records for vehicles," Giblin said. "When it dies, there would be a death certificate."

With years as a policeman and in the insurance industry, spearheading a company like LienQuest.com is one more way Giblin plans to be an enemy to the stolen and embezzled vehicle market.

Although he said the major components to a solution exist, it's just a matter of putting them together. That involves folks from the insurance industry, law enforcement, manufacturers, dealers and others.

"There's no reason to reinvent the wheel," Giblin said. "Let's get together and partner with them. No one has the resources to do it all themselves."

The reality is that the issue is low on many totem poles, he added. As more people use LienQuest.com and other vehicle history databases and realize how knowledge is the best medicine for curbing hassles and litigation down the road, Giblin said those in the industry will come to realize it's well worth the investment to check every vehicle beforehand.

"I think we're going to see this grow by leaps and bounds in the next couple of years," Giblin said. "We can't change the world in just one day."



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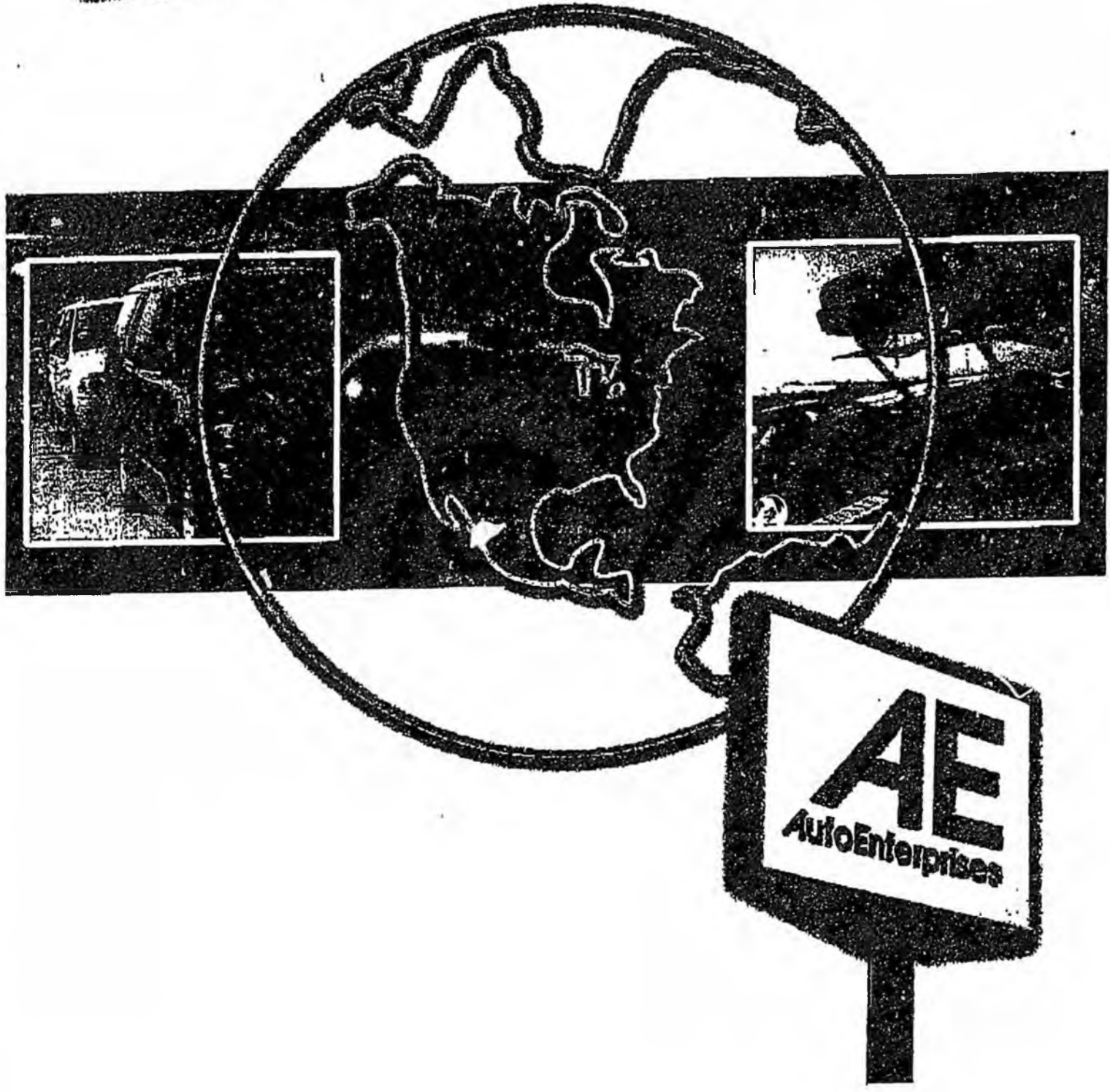
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For advertising information, contact the Advertising Department at Cherokee Publishing at 800-608-7500 or 919-469-9911.

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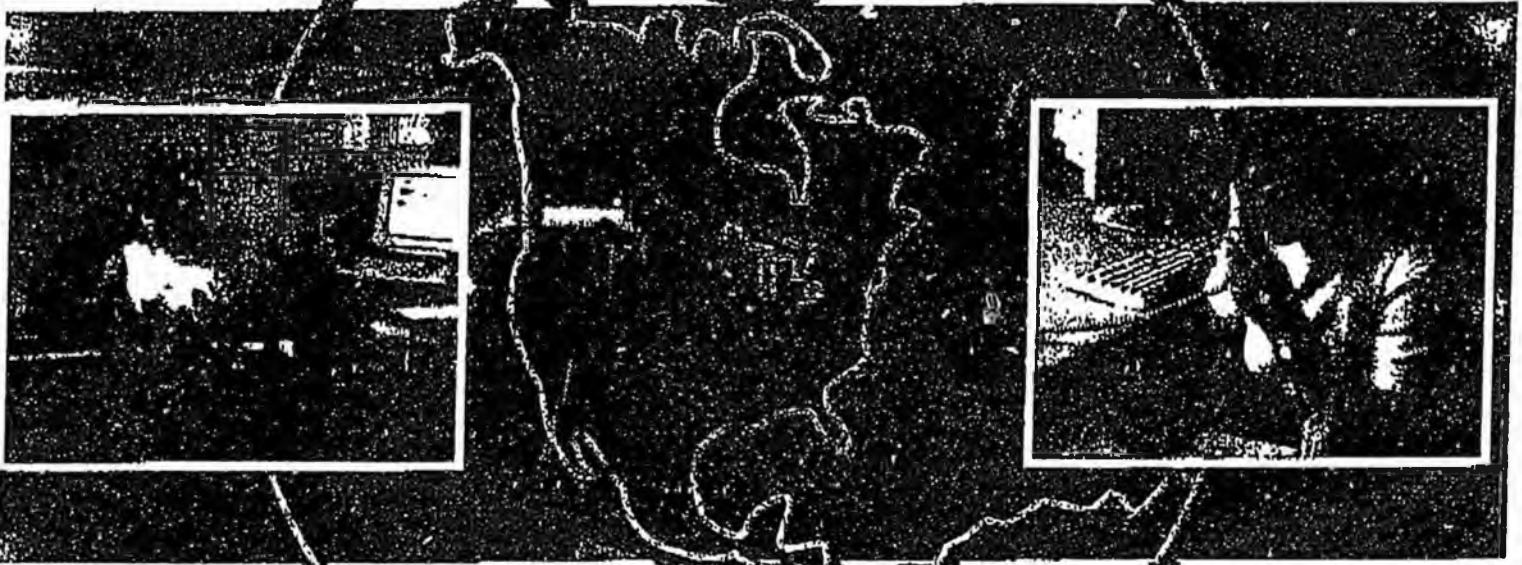
MAY. 9. 2003 2:01AM AK SALES & SERVICE NO. 968 P. 10

Importing Canadian Vehicles... Its Easy with Auto Enterprises



US Customs Documents

Auto Enterprises has been and continues to be instrumental in providing automated entry for vehicles into the United States. Its principals helped develop the software program which enables literally hundreds of different vehicle makes and models to cross at any border in any given day. This program accurately and automatically prints all of the necessary US Customs documents to make crossing the border as simple as crossing the bridge.

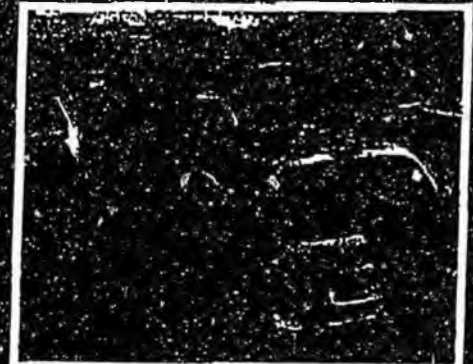
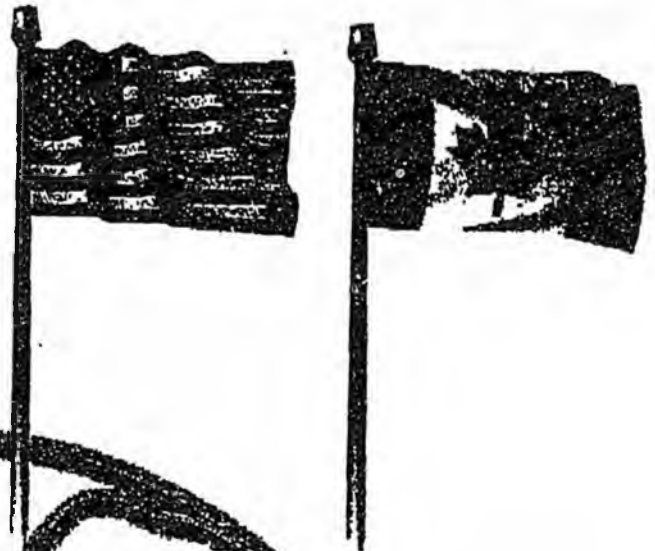


US DOT & EPA Certificates

Auto Enterprises was the first volume importer of used Canadian vehicles to be licensed to file certificates of conformity with the United States Department of Transportation (USDOT) and the US Environmental Protection Agency (EPA). As the longest serving veteran in this process, it has developed an unblemished reputation for filing accurate, complete and reliable certificates.

Direct Access to Canadian Vehicles and US Wholesale Markets

Whether your need is to buy used Canadian vehicles directly from Canada or to sell used Canadian vehicles directly in the US, Auto Enterprises can help. In addition to providing the services necessary for importing vehicles into the US, Auto Enterprises has unequalled experience with finding market connections for parties on both sides of the US/Canada border. Its sales and marketing department specializes in directing different makes and models to the most advantageous wholesale market.



GST Refund Service

Auto Enterprises has complete expertise to support the filing and obtaining the full amount of GST refunds for the appropriate party for each vehicle exported from Canada.

The Largest

From 1981 to 1999, nobody has imported more used Canadian vehicles into the United States than Auto Enterprises. This is an accomplishment that demonstrates both commitment and excellence.

Most Experienced

The principals of Auto Enterprises have been involved with the implementation of many of the regulations and government procedures which control the vehicle importation and certification process. There is no other Registered Importer that brings more knowledge and expertise to this industry.

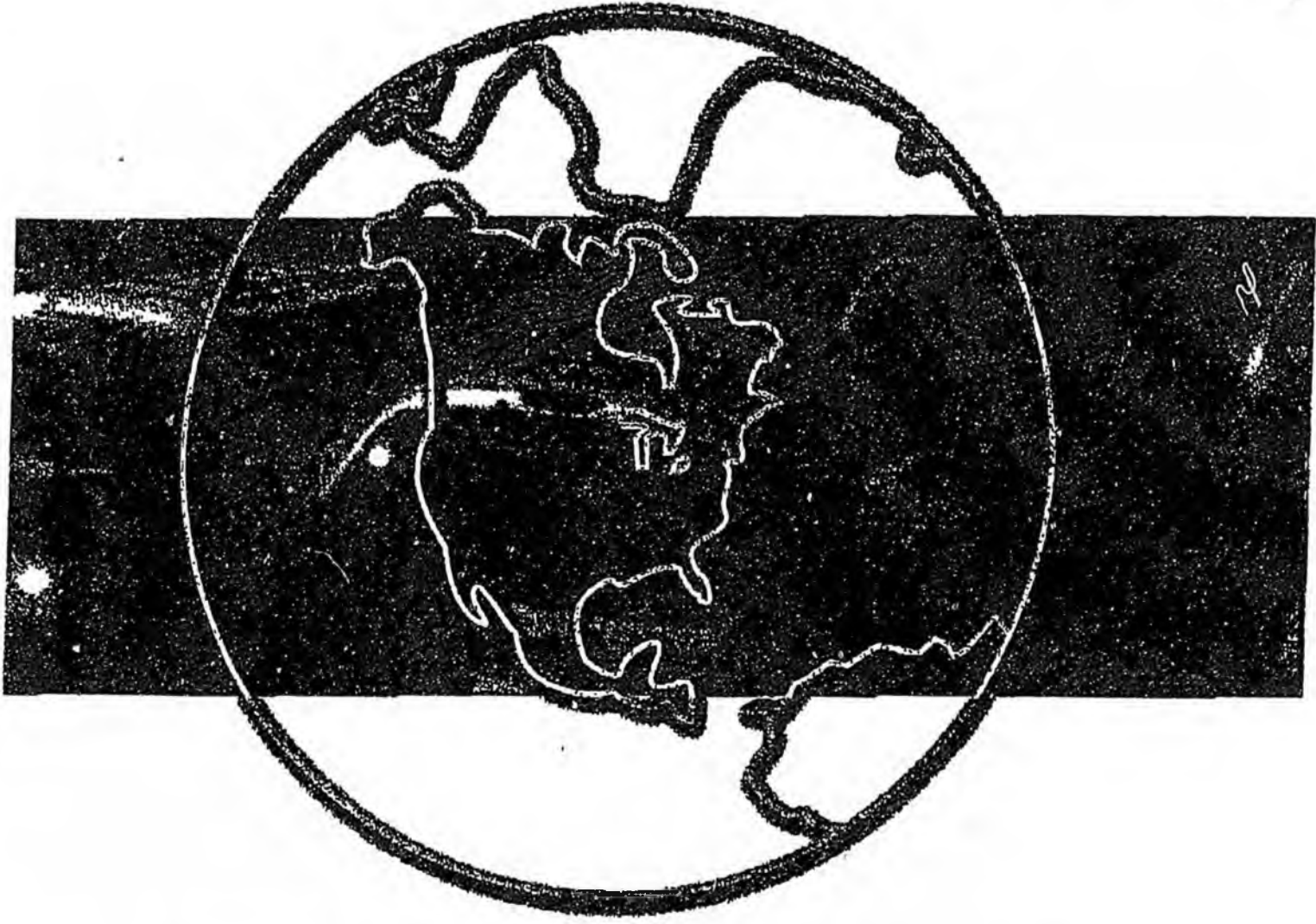
Cutting Edge

From automated document preparation and filing to its fully integrated vehicle importing facilities, Auto Enterprises continues to set the standard which other Registered Importers follow. We share our vision and expertise with each of our customers so they can stay one step ahead of their competition. As our competition reacts to change, we have already predicted and embraced it.

Qualified and Recommended

Auto Enterprises is the most highly regarded Registered Importer within the governmental agencies administering the importation process. Our commitment to following the details of each federal statute and regulation has given us a reputation for integrity and honesty. We understand our vital role in ensuring the safety of each vehicle that we import.

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ALASKA SALES & SERVICE



AE		Corporate Headquarters 810-751-4488 Fax: 810-751-4751 28801 Universal Dr. Warren, MI 48092 E-Mail info@auto-enterprises.com
AutoEnterprises DOT Licensed Registered Importer EPA Designated Canadian Importer		

ers bring prep games to life /SPORTS, C1

SMAN-REVIEW

ers cited in car scam

rolled back on used Canadian imports, feds say

Odometers on some of the vehicles were rolled back by as much as 50,000 miles.

Consumers — not knowing the odometers were rolled back — paid an estimated \$1 million more than the high-mileage vehicles were really worth, authorities say.

"We believe this is a widespread practice, not just by these folks but by other car dealers throughout the country," said Assistant U.S. Attorney Jim Skively.

The international case is believed to be the first of its kind along the U.S.-Canadian border, where investigators say odometer fraud is common.

If it is done, circumventing state laws, when vehicles imported from Canada have their speed-

ometers converted from kilometers to miles per hour, investigators say.

U.S. Attorney Jim McDevitt said he hopes the high-profile prosecution makes consumers more wary and results in needed changes involving imported vehicles.

Named in the indictment are: Michael B. Cosand, 57, and Janice M. Cosand, 50, both of Spokane; Richard Joel Shafer, 51, and Dee Ann Shafer, 49, also of Spokane; and Milton J. Friedley, 55, of Hayden Lake, Idaho.

Also indicted are Ronald H. Simpson, 53, and Nicholas J. Simpson, 48, both of Cranbrook, British Columbia.

The defendants are expected to have initial court appearances in U.S. District Court in Spokane within the next two weeks.

Continued Scam/A9

FROM THE FRONT PAGE

and secretly recorded the discussions, the court documents say.

Raugust was arrested last week near Lenore, Idaho, by agents and detectives assigned to the Inland Northwest Joint Terrorism Task Force.

Before his arrest, Raugust allegedly gave an illegal homemade explosive device to an undercover detective from Spokane who's assigned to the terrorism task force, the documents say.

The task force began its investigation after Donald K. Rudolph and two other men were arrested in a plot to blow up a propane tank farm near Sacramento, Calif., in 1999.

Rudolph, 43, former head of the San Joaquin Militia, pleaded guilty to withholding knowledge of a conspiracy to use a weapon of mass destruction and conspiring to kill Judge Lodge.

Rudolph cooperated with authorities and was given an exceptionally light 30 months in prison.

His assistance led to the convictions of militia members Kevin Ray Patterson, 44, and Charles Dennis Kille, 52. They were sentenced in August to 24 and 22 years in prison, respectively, for their roles in the plot to bomb the propane facility.

Investigators were told others were involved in the plot to kill Lodge, but lacked sufficient information for immediate arrests, authorities said.

Scam: Agents searched several area locations

Continued from A1

The indictment came five months after U.S. Customs Service agents and state investigators served search warrants at locations in Spokane, Coeur d'Alene and the Spokane Valley.

One of those places searched was a Spokane speedometer shop where the vehicles' speedometers were changed from kilometers to miles.

That business, Alsin Speedometer, and its owners cooperated with federal investigators and aren't charged with being part of the alleged conspiracy, Shively said.

According to the indictment, Michael Cosand imported the cars in question from Canada and sold them in Washington, Idaho and Arizona.

He acted as an agent for himself and Geronimo Holdings Ltd., Westridge Leasing and MCMotors, the indictment says.

Janice Cosand acted as an agent for herself and various businesses, including Geronimo Holdings, the indictment says.

Rickard and Dee Ann Shafer bought and sold motor vehicles in Washington and Idaho through

their business, Valley Cars and RVs, the indictment says.

The business operated lots at 7814 E. Sprague in the Spokane Valley and another at 912 N. Highway 41 in Post Falls, the indictment says.

Friedley bought and sold cars in Washington and Idaho, acting as an agent for himself and various businesses, including Geronimo Holdings and Westridge Leasing, located in Coeur d'Alene, the indictment says.

Geronimo Holdings was incorporated in Alberta, Canada, on Oct. 22, 1998, and was owned by Ronald and Nichole Simpson, the indictment says.

In a separate action, Friedley was charged in Spokane County Superior Court with multiple counts of first-degree theft and state tax evasion.

He is accused of collecting but not forwarding to the Department of Revenue \$63,000 in sales taxes he collected on nearly 50 vehicles.

Friedley, who owned Westridge Leasing Corp., sold the vehicles to Washington residents for the past two years even though he didn't possess a required Washington dealers license, authorities said.

Bill Morlin can be reached at (509) 458-5444 or by e-mail at bm@spokanejournal.com.

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Subject: House Bill 272

Date: Thu, 8 May 2003 09:14:50 -0800

From: "Richard Hiatt" <richard@aksales.com>

To: <josh_applebee@legis.state.ak.us>

CC: "Diana Pfeiffer" <diana@aksales.com>

My experience with Canadian vehicles comes from talking to the new buyers after they have purchased these "like new" vehicles from used car brokers. When a consumer buys a vehicle with as little as 50 miles showing on the odometer, and pays 30 or 40 thousand dollars for it, they are considering it a new vehicle and expecting the level of expertise and service they would experience if they had purchased it from a franchised new car dealer.

As a General Motors franchised dealer we are required to send our sales staff outside for training on the new product prior to being allowed to sell the product. We also have to send our service technicians and managers out to the training center to learn the new systems and how to service them and properly advise the owners. There is also a large investment required for essential tools and a facility to repair these vehicles.

All too often when we first meet these new buyers of Canadian vehicles it is to explain the operation of the new systems and program their vehicles so they can enjoy them. This is something that should have been done prior to sending them down the road. With the computer controls built into the modern automobiles and trucks, they require instruction to understand their usage.

For a vehicle to be exported out of Canada it must first be registered to a Canadian citizen. These Canadian dealers are finding local citizens who for a price "lend" their names to be used as the registered first owners. They are then signing off on the title so they can be considered used vehicles and transported back across the border to be sold to American brokers.

Any vehicle that starts out with fraud and deception can not later be considered a legitimate used vehicle. This was not the intent of the law or the manufacturer franchise agreements.

If this was an acceptable practice it would be allowed for all consumer goods.

Thank You,

Richard Hiatt
General Service Manager
Alaska Sales and Service

May 8, 2003

Subject:

Date: Thu, 08 May 2003 14:57:08 -0800

From: Rob Dollar <dollar@tonychevrolet.com>

To: Representative_Tom_Anderson@legis.state.ak.us

CC: Representative_Nancy_Dahlstrom@legis.state.ak.us,
Representative_Bob_Lynn@legis.state.ak.us, Representative_Carl_Gatto@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Harry_Crawford@legis.state.ak.us,
Representative_David_Guttenberg@legis.state.ak.us

May 8, 2003

The Honorable Tom Anderson

Chair, House Labor and Commerce Committee

Alaska State Legislature

Juneau, Alaska 99801-1182

Re: HB 272

Dear Representative Anderson,

I am writing to state our support of HB 272. As a New Vehicle Franchise, we have a substantial investment in the sales and servicing of current model vehicles as well as a responsibility to the consumer and manufacturer. HB 272 would help correct many issues that arise in daily operations of a new car dealership with regard to consumer satisfaction.

There are times that consumers who have purchased current models that have been imported from Canada get caught in the middle of whether the manufacturer will or will not authorize a warranty repair due to their stand on the issue. This puts the dealer in an awkward situation, and usually has to be the bearer of the news.

Most imported vehicles have had speedometer/odometer changes from metric to U.S. of which many have

May 8, 2003

had problems afterward and require the dealer to track down the importer to assist in helping the customer.

The manufacturers ask that all dealers perform safety recall issues whether the vehicle is imported or not. The only real way of knowing if the imported vehicle is involved in a safety recall is if they just happen to come in for an unrelated service and the dealer runs a check on the vehicle and sees a recall. If these consumers never go to a new car dealership for service, they would never know about these potentially dangerous issues involving their vehicle.

We believe that provisions in the bill should allow for all dealers to be able to conduct business in current model used vehicles if they are truly a used vehicle.

Sincerely,

Rob Dollar

Operations Mgr.

Tony Chevrolet of Anchorage, Inc.

Tony Chevrolet of Wasilla, Inc.

cc:

Representative Lynn

Representative Dahlstrom

Representative Rokeberg

Representative Crawford

Representative Guttenberg

STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

FRANK H. MURKOWSKI,
GOVERNOR

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-5903
PHONE: (907)269-5100
FAX: (907)276-8554

April 28, 2003

Representative Tom Anderson
Chairman, House Labor & Commerce Committee
Room 432
State Capital
Juneau, Alaska 99801

Re: House Bill 272 relating to motor vehicle dealers

Dear Chairman Anderson and Members of the Committee:

The Attorney General submits these comments in support of HB 272, "an Act relating to motor vehicle dealers." This legislation amends and clarifies Alaska Statutes 08.66.015 and several provision of AS 45.25.400 *et seq.* AS 45.25 was enacted in 2002, and was the result of several years of negotiations and compromise by auto dealers, manufacturers, and the Alaska Attorney General's Office. This legislation has now been in effect for nearly a year. During that time, this office and the Alaska auto dealers have had an opportunity to work with its provisions and have discovered a few areas of the statute that need revision.

HB 272 addresses these concerns. This office has worked closely with the Alaska Auto Dealers Association on these changes and fully supports them. The changes to AS 45.25 are intended to clarify and simplify the statutory language to accomplish the intent of the law. A few provisions are being deleted because we found there was no useful application of the provisions given the unique circumstance of auto dealers in Alaska. For example, HB 272 proposes the deletion of AS 45.25.460(a)(12), which makes it difficult for a dealer to sell a vehicle with accessories (like a block heater) unless they are already installed by the manufacturer. In this same section of the bill, AS 45.25.460(a)(11) is also deleted. That section made it illegal for a dealer to advertise a sale without specifying a time frame for the sale. Because many manufacturer promotions are not time specific, this makes it impossible for dealers to effectively advertise certain sale events.

Representative Tom Anderson
Chairman, House labor & Commerce Committee

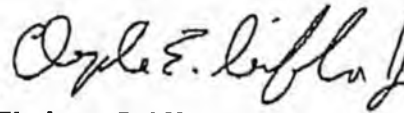
April 28, 2003
Page 2

Representatives from the Auto Dealers Association, like Mr. Steve Alwind, will be available to explain these changes in more detail through their testimony. If you have any questions, please contact me at any time.

Sincerely,

GREGG D. RENKES
ATTORNEY GENERAL

By:



Clyde E. Sniffen, Jr.
Assistant Attorney General

CES/sjm



6324 Nielson Way
Anchorage, AK 99518
Phone: 907-563-8343
Fax: 907-563-8307

May 1, 2003

Senator John J. Cowdery
State Capitol, Suite 101
Juneau, AK 99801

RE: House Bill No. 272
Regarding motor vehicle sales

Dear Senator Cowdery,

I would like to bring to your attention the above referenced house bill that is currently being debated. Section 1 of the bill is short, but is a very controversial section within the automobile dealer community. As a vendor of auction services to the dealer community, I would like to offer my views on this issue.

Let me start off by stating that our auction provides services for both new and used car dealers. We strive to be fair to all dealers and we often arbitrate disputes regarding purchases and sales between these dealers. Section 1 of this bill addresses the current practice of used car dealerships selling new or current model year vehicles. I am sure that the real intent of this section is not necessarily to protect consumers, but to protect the product exclusivity of franchised auto dealerships. While I certainly understand that new car dealerships have paid large sums of money for new car franchises and the right to exclusively market a product line in their territory, I do not believe government legislation limiting free market factors is the way this controversy should be handled.

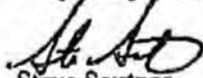
Automobile franchises arise from agreements between the auto manufacturers and their respective franchised dealerships. The manufacturers have the ability, through wholesale pricing and policing of their franchisees, to limit the availability of new products that enter the market through non-traditional channels. Current model year products are sold through various channels throughout the U.S. every year. The surge in recent years of new Canadian vehicles being imported into the U.S. has arisen due to free trade legislation, manufacturers that discount their wholesale prices to Canadian dealers, and fluctuations in currency exchange rates. Manufacturers have the ability to adjust wholesale pricing to Canadian dealers and to police Canadian dealers who violate their franchise agreements by selling new vehicles to exporters.

Thousands, if not millions, of current model year U.S. vehicles need to be remarketed every year throughout the country. Rental cars, short-term leases, repossessions, and trade-ins are just a few types of vehicles that have to be sold through auto auctions, wholesalers, franchised dealers, and independent dealers. House bill NO 272 does not take these issues into consideration. I know of no other legislation of this kind in the Lower-48 states. If this bill passes in its present form, where does future legislation stop? What other current model year products do we have to produce legislation for: household appliances, machinery, recreational equipment, products sold on E-Bay?

Warranty issues and disputes are nothing new to the automobile business. Warranty issues on imported vehicles can be addressed by proper disclosure to the consumer by the selling dealer. In cases where manufacturers have voided warranties on imported vehicles, many dealers offer quality aftermarket warranties at time of purchase.

In summary, I believe that leaving the market free to compete is fair and is in the best interest of the consumer and the automobile dealer body as a whole.

Very Truly Yours,



Steve Sautner

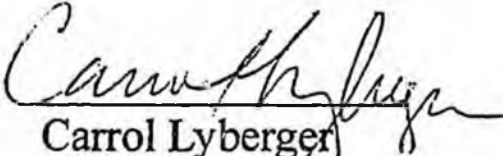
President

Dealers Auto Auction of Alaska, Inc.

ATTN: Josh

Please give these documents to the committee. Our customers called Wehrauch office yesterday and was told that this bill issue was about a used car dealer selling Canadian vehicles illegal and not informing the customer.

Here are the documents that each customer signs when they purchase a Canadian vehicle from us.


Carrol Lyberger

To Whom This May Concern,

May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

When Lyberger's first opened for business the manufacturers of domestic vehicles (GM, Dodge, Ford, Lincoln, Chrysler, etc) all honored factory warranties on imported Canadian vehicles.

U.S. franchises obviously would prefer not to have competition from registered importers or other used car dealers. As a result they have put pressure on the manufacturers to allow them to legally not honor warranties on Canadian Imported vehicles.

Since August 2000, the rules on warranty coverage for imported vehicles have changed several times.

In the beginning we were told by local dealers that they would not honor the warranty on our imported vehicles. Then after several complaints were made to various Northwest Factory representatives the local dealers were told that they would have to honor the warranty since, after all, the *factories were paid for warranty coverage* when the vehicles were originally sold as long as the correct importation paperwork has been filed.

Several local franchised dealers have purchased many of these Canadian vehicles at the same local dealer auctions we attend. They may not disclose this to their customers but they do indeed buy and sell Canadian vehicles.

In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle, GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

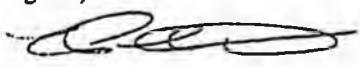
We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I am faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

I would like to point out a few statements customers hear about us from the local new car dealers that are untrue:

- They sell flood vehicles.
- They roll the odometers back.
- They don't pass emissions.
- They are made in Mexico and aren't the same quality as ours.
- They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership the see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,



Teri Petram
(907) 227-8327 cell

Lyberger's Car and Truck Sales, LLC



9530 Old Seward ♦ Anchorage, Alaska 99515

The used vehicle you are purchasing was originally sold new in Canada and was imported into the USA by a registered importer. The odometer has been converted from kilometers to miles and certified to be correct. The instrument cluster may have been replaced with a new one with English rather than metric indicators. This is your acknowledgement that you have received this information.

Signature _____ Date _____

Signature _____ Date _____

Every Customer at Lyberger's
Signs this form.



LYBERGER'S CAR & TRUCK SALES, LLC

907-349-3343 PHONE

907-349-3686 FAX

The vehicle you are purchasing has no manufacturer's warranty. Lyberger's Car & Truck Sales has given you a Heritage Warranty that will cover your vehicle for 3 years or 36,000 miles form the original manufacturer's in service date.

Year: _____

Make: _____

Model: _____

Vin: _____

Date: _____

_____ Customer's Signature

All customers that buy a vehicle that would ordinarily have factory coverage but are Canadian therefore dont sign this.

This is the Replacement Warranty Form



New Vehicle Limited Warranty
By Heritage

WARRANTY HOLDER (CUSTOMER INFORMATION)

This needs to be filed in when vehicle is sold.

Name:.....

Address:.....

City, ST, Zip:

Phone #:

APPLICATION/WARRANTY No: CLW 111574

Current Odometer:

Vehicle Purchase Date

Standard \$0 Deductible

\$100 deductible option

COVERED VEHICLE

VIN:.....

Year:

Make:

Model:.....

DEALERSHIP

Name:.....

Address:

.....

City, ST, Zip:

1-800-646-1008 ROADSIDE ASSISTANCE 1-800-646-1008

Your emergency road service begins on the effective date of this limited warranty, and will continue until the expiration or termination of this limited warranty, whichever occurs first. Your emergency road service is available throughout the United States 24 hours a day, 365 days a year.

Conderge Service — The customer is responsible for payment of any services arranged (i.e. The cost of the hotel room, rental car, etc.) directly to the provider of the service.

Emergency Roadside Towing Service — \$50 limit for such services as fuel delivery, tire changes (customer supplied), jump-starts, lockout, mechanical first-aid, and towing.

ASSISTANCE OBTAINED THROUGH ANY SOURCE OTHER THAN ROADSIDE ASSISTANCE IS NOT COVERED AND IS NOT REIMBURSABLE.

Additional Options: 4 Wheel/All Wheel Diesel / Super/Turbo 1 Ton Dual Wheel

Term: 36 months / 36,000 miles 48 months / 60,000 miles Other

TERMS MEAN DATE OF SALE OF WARRANTY AND WHEN ODOMETER REACHES THE MILEAGE CHOSEN.

I HAVE READ AND UNDERSTAND THIS LIMITED WARRANTY IN ITS ENTIRETY. I ACKNOWLEDGE MY UNDERSTANDING THAT IT IS ISSUED BY THE ISSUING DEALER FOR THE DURATION INDICATED ABOVE AND IS INCLUDED AS PART OF THE BASE PURCHASE PRICE OF THE VEHICLE WITHOUT ANY ADDITIONAL COST TO ME.

Customer Signature _____ Date _____

DEFINITIONS

- "Breakdown" or "Mechanical Breakdown" means the event caused by the total failure of any Covered Part to work as it was designed to work in normal service. Please refer to the wording under exclusions for a listing of conditions under which the failure of a Covered Part is not considered a Mechanical Breakdown.
- "Warranty Holder" means the holder of this limited warranty.
- "Covered Part" means any part of the vehicle not listed under the section of this limited warranty entitled *What Is Not Covered* and not excluded from coverage as per the section of this limited warranty entitled *Exclusions - What This Limited Warranty Does Not Cover*.
- "Repair Facility" means any automotive repair facility at which the Warranty Holder seeks to acquire service under this limited warranty.
- "Claim Administrator" means Heritage Administration Services, Inc., located at 8055 "O" Street, Lincoln, Nebraska 68510, and which can be reached at 1-800-753-5236.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION
CLAIMS 1-800-753-5236

White - Dealer Pink - Administrator Goldenrod - Customer

CLW-ULW-TP-081202

TRANSFERABILITY

This warranty transfers with the Vehicle. Please notify Heritage Administration, in writing, whenever the warranty needs to be transferred.

WARRANTY HOLDER OBLIGATIONS

- The Warranty Holder and the Repair Facility are required to obtain the Claim Administrator's authorization number prior to beginning any repair covered by this limited warranty.
- Warranty Holder may be responsible for a deductible for each visit to the Repair Facility.
- The Warranty Holder is responsible for authorizing and paying for any tear down or diagnosis time needed to determine if the vehicle has a covered Breakdown. If it is subsequently determined that the repair is needed due to a covered Breakdown then the Claim Administrator will pay for such tear down or diagnosis. If the failure is not a covered Mechanical Breakdown then the Warranty Holder is responsible for payment of such tear down or diagnosis.

CLAIM ADMINISTRATOR OBLIGATIONS

- If a covered Mechanical Breakdown of the vehicle occurs during the term of this limited warranty and within the United States or Canada the Claim Administrator will:
- Pay the Warranty Holder or the Repair Facility for repair or replacement, as the Claim Administrator deems appropriate, of the Covered Part(s) which caused the Mechanical Breakdown if the Warranty Holder has met his/her obligations as described in this limited warranty and if the Breakdown is not excluded under the exclusions section of this limited warranty. Replacement parts can be of like kind and quality. This may include the use of new, remanufactured or comparable parts as determined by the Claim Administrator.
 - Reimburse the Warranty Holder for a rental car. Required labor time is determined by the national repair manual in use by the Repair Facility. Up to 2 additional days of rental (\$50 maximum) will be paid if an engine or transmission is being replaced due to a Mechanical Breakdown. If the Claim Administrator requests that the vehicle be inspected by an outside source, the Claim Administrator will reimburse the Warranty Holder for 1 additional day of rental. To receive rental benefits, Warranty Holder must supply the Claim Administrator with the receipt from a licensed rental agency. The limit on this reimbursement is up to \$25 per day for up to 6 days per Mechanical Breakdown or series of Breakdowns related in time or cause.
 - Reimburse the Contract Holder for motel and restaurant expenses up to \$75 per day for a maximum of 3 days in the event of a Breakdown covered by the Contract, which occurs more than 100 miles from your home and results in a Repair Facility keeping the vehicle overnight. The maximum benefit per occurrence is \$225. TO RECEIVE MOTEL AND RESTAURANT REIMBURSEMENT, THE CONTRACT HOLDER MUST SUPPLY HERITAGE ADMINISTRATION SERVICES, INC. WITH HIS/HER RECEIPTS FROM THE PROVIDERS OF SUCH SERVICES.

WHAT TO DO IF YOU HAVE A BREAKDOWN

- (1) Use all reasonable means to protect the vehicle from further damage. This may require you to stop the vehicle, turn off the engine, and have the vehicle towed.
- (2) If you require emergency road service, call the toll-free telephone number listed above for Roadside Assistance.
- (3) Present this limited warranty to the Repair Facility, call the Claim Administrator, Heritage Administration Services, Inc. toll free at 1-800-753-5236, and fax any required maintenance receipts. Heritage Administration Services, Inc. can be reached through the mail at 8055 "O" Street, Lincoln, Nebraska 68510.
- (4) Prior to proceeding with repairs, ensure the Repair Facility calls the Claim Administrator with an estimate of repairs and receives an authorization number from the Claim Administrator.

WHAT IS NOT COVERED

The following are not covered by this Warranty: PAINT/CARPETING; FRAME OR STRUCTURAL SEPARATION; MANUAL/HYDRAULIC CLUTCH ASSEMBLY; TRIM; HOSES AND RUBBER PARTS; FIBERGLASS TOP; ANY REPOSITIONING, REFITTING OR REALIGNING; MOLDINGS; DISTRIBUTOR CAP/ROTOR; TIRES/WHEELS; AIR BAG/SUPPLEMENTAL RESTRAINT SYSTEMS; LENSES; BATTERY AND CABLES; ALL MAINTENANCE SERVICE AND ITEMS SUCH AS ALIGNMENTS, WHEEL BALANCES, ENGINE TUNE-UPS, SPARK/GLOW PLUGS, PLUG WIRES, BRAKE PADS, LININGS & SHOES, FILTERS, LUBRICANTS, COOLANTS, HOSES AND BELTS; BRIGHT METAL; LIGHT BULBS/HEADLIGHTS; EXHAUST SYSTEM; WEATHER STRIPPING; BODY PANELS; BRAKE ROTOR/DRUMS; NORMAL FLUID/OIL LUBRICANT SEEPAGE; CANVAS, VINYL OR FABRIC TOPS; SHOP SUPPLIES, HAZARD WASTE REMOVAL; BODY ADJUSTMENTS; BUTTONS, HANDLES, DOOR HINGES, GLASS; SERVICE ADJUSTMENTS AND CLEANING; RETROFITS OR REPLACEMENTS OF ANY COMPONENTS CAUSED BY OR DUE TO COMPLIANCE WITH LAW OR LEGISLATION INCLUDING THE 1990 CLEAN AIR ACT, AND INCLUDING EMISSION CONTROL EQUIPMENT AND SENSORS.

EXCLUSIONS - WHAT THIS LIMITED WARRANTY DOES NOT COVER

- Any breakdown caused by sludge buildup. A Breakdown caused by contamination of or lack of proper fuels fluids coolants or lubricants, including a Breakdown caused by a failure to replace seals or gaskets in a timely manner.
- Repair of any parts during a covered repair which are not necessary to the completion of the covered repair or were not damaged by the failure of a Covered Part. Such replacement is considered betterment and is not covered by this limited warranty.
- Repair or replacement of a covered component/part to correct conditions that may reasonably be assumed to have existed at the inception date of the coverage provided by this warranty (Pre-existing conditions).
- Any cost covered by a repairer's or supplier's guarantee, or any cost which would normally be covered by a manufacturer's warranty.
- Costs or other damages caused by the failure of a part listed as an excluded part.
- Cost or other damages caused by continued vehicle operation after the failure of a Covered Part.
- Any liability, cost or damages Warranty Holder may incur to any third parties other than the Claim Administrator's approved repair or replacement of Covered Parts which caused a Mechanical Breakdown.
- A Breakdown caused by overheating, rust or corrosion.
- A Breakdown caused by collision, fire, electrical fire or meltdown, theft, freezing, vandalism, flood, or for any hazard insurable under standard physical damage insurance policies whether or not such insurance is in force with respect to the vehicle.
- Loss of use, loss of time, lost profits or savings, inconvenience, commercial loss, or other incidental or consequential damages or loss that results from a Breakdown.
- Liability for damage to property, or for injury to or death of any person arising out of the operation, maintenance or use of the vehicle whether or not related to a Breakdown. Any costs or other benefit for which the manufacturer has announced its responsibility through any means including public recalls or factory service bulletins. Any part not covered by, or excluded by the original vehicle manufacturer's warranty.
- A gradual reduction in operating performance due to normal wear and tear, such as guides, valves, rings, transmission clutch pack discs and bands.
- Vehicles that have been modified which affect the breakdown.
- Incident or consequential damage or loss caused by Breakdown of Covered Parts (or otherwise) including property damage, personal injury, inconvenience, loss of vehicle use, and commercial loss. Punitive damages are also expressly excluded. Repairs covered by any original manufacturer's warranty, (whether or not transferred with the vehicle).
- Dealer and Claim Administrator reserve the right to cancel this limited warranty and will not pay for Mechanical Breakdown if the odometer fails, or for any reason does not record the actual mileage of the vehicle after purchase date and the actual mileage of the vehicle cannot be established.

OTHER IMPORTANT WARRANTY PROVISIONS

The issuing dealer's obligation to perform under this limited warranty is insured by Heritage Warranty Mutual Insurance Risk Retention Group, Inc., 8055 "O" St., Lincoln, NE 68510 and reinsured by American Re® - a national A++ rated company and member of the Munich Re Group®. In the event the Claim Administrator fails to pay that which the Claim Administrator or issuing dealer are legally obligated to pay, the Warranty Holder may file a claim under the insurance policy by mailing a copy of the adjudication to Heritage Warranty Mutual Insurance Risk Retention Group, Inc. at their above address.

The aggregate total of dealer's and Claim Administrator's liability for all benefits paid or payable during the term of this limited warranty shall not exceed the actual cash value of the vehicle according to current National Auto Dealers Association standards at the time of Breakdown.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION

CLAIMS 1-800-753-5236

CLW-ULW-TP-081202

White - Dealer

Pink - Administrator

Goldenrod - Customer

To Whom This May Concern,

May 5th, 2003

In various phone conversations with committee members and others involved in the rewording of HB272 section 1, I, or my colleagues have been told that the focus of that section is to address unfair trade practices. In each conversation we were never given concrete evidence that there are any importation laws broken or unfair trade issues.

Apparently there seems to be a sympathetic attitude towards local franchised dealers and the investment they have made in their respective franchises. It seems that the picture that is being painted is that they have no way of competing with the prices of imported Canadian vehicles.

I would like to point out that while the exchange rate from Canada to the US is favorable for those dealers who buy imported vehicles, franchised dealers have access to factory subsidized interest rates (try to beat 0%), factory rebates (in excess of \$3000), holdback and dealer only incentives for moving specific vehicles, and factory backed advertising. Once you compare the facts most times the new car franchises have as good a bottom line price as a used car dealer, but aren't willing to accept the same smaller profit per deal.

I would like to hear exactly what it is about importing a product from another country, LEGALLY, and with full disclosure that is considered to be an unfair trade practice.

Perhaps the focus of litigation should be between the franchises and their manufacturers. After all, the true injustice is that the manufacturers sell the same exact vehicle to franchises in Canada for less than a franchise in the U.S. Ask yourself, how does that involve your local used car dealer? We don't set the invoice price, incentives, rebates, etc.

Anxiously awaiting a reply,



Teri Petram
12921 Troy St
Anchorage, AK 99515
Used Car Consumer

Affordable USED CARS

HB272

SECTION 1. AS 08.66.015 Sale of motor vehicles

To Whom It May Concern:

Section 1 of this bill, the way it is written will give an unfair monopoly to franchised auto dealers with regards to used vehicles in the state of Alaska.

The current draft states that a dealer may not offer to sell a current model year vehicle unless. (1) that dealer has a sales and service agreement with the manufacturer or (2) the vehicle is current model used vehicle received as a trade in in the normal course of business.

A vehicle is considered used when it is titled to an owner. If that person or business wishes to sell that vehicle on the open market they should have every option open to them. HB272 limits the selling options to these people. Their choice would be to sell it back to the dealer they bought it from.(assuming they were buying) or selling it themselves in the newspaper.(not appealing to a lot of people) This time frame would be for approximately 15 to 16 months depending on when the model was released in the previous year. (2004 vehicles will be out in SEPT. or OCT. 2003)

HB272 would limit fair trade to Alaskan Used Car Dealers if passed. The Alaskan consumer of used vehicles would see their list of potential dealers shrink. In some towns in Alaska they would have only one option. This bill is a bill about monopolizing a segment of the used car market. Nothing more.

HB272 will put Alaskan used car dealers at a disadvantage when purchasing vehicles at auctions in the lower 48. Alaskan dealers would have to stand aside as thousands of good current model year vehicles went by. Alaskan dealers would be the only ones not able to purchase these vehicles if HB272 passes. Is this in the best interest of our Alaskan customers and dealers?

HB272 as written, states that dealers can take a current model vehicle (used vehicle) on trade in the normal course of business. What about the other ways we obtain used vehicles in our normal course of business? Would these vehicles be illegal? How would you ever be able to prove or enforce this?

929 East 8th Avenue • Anchorage, Alaska 99501 • (907) 274-2277 • Fax (907) 274-2278

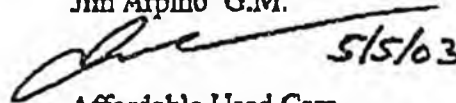
2525 B. Cushman • Fairbanks, Alaska 99701 • (907) 452-5707 • Fax 452-6241

Section 1 of HB272 should be removed. This would be in the best interest of the consumers of used vehicles in the State of Alaska. It would also benefit the fair trade of used vehicles among dealers. And not create a monopoly to one segment of dealers.

In closing I would like to state that not one used car dealer was contacted to help draft any part of HB272. As a current member of the Alaska Auto Dealers Association since 1994 and a current board member, I strongly oppose section 1. of HB272.

I would be happy to answer questions regarding this matter any time. 452-5707

Jim Arpino G.M.

A handwritten signature in black ink, appearing to read 'Jim Arpino', is written over the typed name. To the right of the signature, the date '5/5/03' is handwritten.

Affordable Used Cars
Fairbanks and Anchorage.

Subject: HB272

Date: Sun, 04 May 2003 21:15:20 -0800

From: kurt <113@gci.net>

To: Representative_Tom_Anderson@legis.state.ak.us,
Representative_Nancy_Dahlstrom@legis.state.ak.us,
Representative_Harry_Crawford@legis.state.ak.us,
Representative_Carl_Gatto@legis.state.ak.us, Representative_Bob_Lynn@legis.state.ak.us,
Representative_David_Guttenberg@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us
CC: Representative_Bruce_Weyhrauch@legis.state.ak.us

I would appreciate a moment of your time to read this e-mail. I am NOT in the new or used car industry.

I am concerned that HB272 is unreasonably restrictive and would prevent small businesses from fair competition with larger dealerships. Failure to protect small dealerships allows the possibility of the larger dealerships (as distributors of "new" vehicles) to dictate how the used car business should be run. Franchise dealerships could effectively monopolize the market for their brand by ensuring that no aftermarket support was available for a specific brand's products. Used car dealerships should simply be able to identify who can repair their cars if a local dealership refuses to repair cars sold on their lot. As a consumer, I would not purchase a vehicle from a major dealership such as Cal Worthington, or Alaska Sales and Service if I believed that they would not repair my car if I had purchased it from a smaller dealership.

I also would not support anyone who believes that passing this bill without the exclusion of the amendment to section 1b is in the best interests of any one individual, or group of individuals in the community. While I support much of the bill, the people who gain the most from the passing of this bill are the large dealerships who I assume have donated to have this bill sponsored.

Please do not pass this bill until the amendment to **Sec. 08.66.015 1b** is excluded.

Kurt Loutzenheiser

Subject: Re HB272

Date: Sun, 04 May 2003 16:00:17 -0800

From: liz <lizl@gci.net>

To: josh_applebee@legis.state.ak.us

I was just informed of the bill #HB272, and am appalled that someone would even consider this to be acceptable. Section 1 alone would put many people out of work, and I can only assume that someone must be getting a large contribution to an election campaign from a major dealership to have even agreed to present this ridiculous idea in the first place. Competition is one of the things that has helped this country become what it is today, and to allow such a drastic upheaval in the car sales market would affect many individuals. I, for one, would not like to have to go and see Cal, and only Cal, if I want a Ford. Limiting peoples' choices is not a way to win votes.

I would ask that you please pass this message onto Representative Tom Anderson, as he is the chairperson of the Labor & Commerce committee which should be hearing this bill tomorrow. I am currently pursuing citizenship of this country and would hope that most representatives are wiser and more reasonable than Bruce Weyhrauch, the author of this bill that seems to violate the rights of Americans, in particular that of Alaskans.

Thank you for your time.
Sincerely,
Liz Loutzenheiser.

Subject: HB272, Section 1

Date: Sun, 4 May 2003 17:41:26 -0800

From: "Teri" <teri.petram@wccpl.com>

To: <Representative_Tom_Anderson@legis.state.ak.us>

CC: <Representative_Bob_Lynn@legis.state.ak.us>,
<Representative_Bruce_Weyhrauch@legis.state.ak.us>,
<Representative_Carl_Gatto@legis.state.ak.us>,
<Representative_Nancy_Dahlstrom@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>,
<Representative_Harry_Crawford@legis.state.ak.us>, <mailto@legis.state.ak.us>

To Whom This May Concern,
May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

When Lyberger's first opened for business the manufacturers of domestic vehicles (GM, Dodge, Ford, Lincoln, Chrysler, etc) all honored factory warranties on imported Canadian vehicles.

U.S. franchises obviously would prefer not to have competition from registered importers or other used car dealers. As a result they have put pressure on the manufacturers to allow them to legally not honor warranties on Canadian Imported vehicles.

Since August 2000, the rules on warranty coverage for imported vehicles have changed several times.

In the beginning we were told by local dealers that they would not honor the warranty on our imported vehicles. Then after several complaints were made to various Northwest Factory representatives the local dealers were told that they would have to honor the warranty since, after all, the *factories were paid for warranty coverage* when the vehicles were originally sold as long as the correct importation paperwork has been filed.

Several local franchised dealers have purchased many of these Canadian vehicles at the same local dealer auctions we attend. They may not disclose this to their customers but they do indeed buy and sell Canadian vehicles.

In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle. GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I

am faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

I would like to point out a few statements customers hear about us from the local new car dealers that are untrue:

They sell flood vehicles.

They roll the odometers back.

They don't pass emissions.

They are made in Mexico and aren't the same quality as ours.

They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership the see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,

Teri Petram

(907) 227-8327 cell


To The Chairman or Cochairman,

I am concerned about the motives behind HB272 section 1. Not only I but also my family and friends have been long and loyal customers of used car dealers, particularly Lyberger's Car & Truck Sales.

Lyberger's has always been more than fair with us when we are looking for slightly used vehicles. They have been thorough and honest on where they get their vehicles, how the English metric changeover of the odometers are disclosed and we love how much money we can save by purchasing a vehicle with a few thousand miles on it. I will never go pay the new car dealers price for the same vehicle with a fewer miles. The new car dealers have no right to mark up their prices two to ten thousand dollars, it is absurd!

So to avoid any miscommunication I and my family are strongly against HB272 Section 1 and it should be eliminated after realizing we as consumers should have a choice on where we will spend our money!

Ben Smith

A handwritten signature in black ink, appearing to read 'Ben Smith', written in a cursive style.

When you buy in Alaska today, a current year model, new or nearly-new vehicle, you have a choice.

You can buy that automobile from a franchised dealer with a comfortable showroom, full service and mechanical repair garage and auto body repair facility. These franchised dealers offer full warranty coverage on vehicles they or other franchised dealers sell. And most have auto body repair capability at the dealership or a nearby location. They offer in a word, convenience.

Or, you can shop at a non-franchised dealer. There, most will show you their vehicles on an outdoor lot, regardless of the prevailing weather. Many of them offer no service or repair facilities at all. Even if you buy a current year model, you will want to buy an after-market warranty to ensure you can get common after-sale problems fixed at an independent mechanic's shop. And you will have to visit an independent auto body repair shop to get a ding or fender-bender fixed.

So why do so many folks shop at non-franchised automobile dealerships? They do it to save a few dollars they feel can be better spent elsewhere. And they're willing to tolerate some inconvenience as a result of exercising this choice.

Up 'till now, there has been a quiet truce between the franchised and non-franchised dealers. This truce was only interrupted occasionally when the buyer of a vehicle from a non-franchised dealer attempted to take it to a franchised dealer for mechanical repair under warranty. Occasionally, the owner would be told to take the vehicle elsewhere, as that dealer only repaired vehicles that were sold at franchised dealerships.

Fair enough! After all, the non-franchised dealer that sold the vehicle was under obligation by current State law, to explain all this to the buyer at the time of sale.

But Alaska's franchised dealers persuaded the recently (2002) elected District 4 Republican Representative Bruce Weyhrauch to introduce a bill to change all that. They did so by convincing him that the Alaska Automobile Dealers Association (AADA) had collaborated with the Attorney General's Office of Fair Business Practices to create what is now known as HB 272. HB 272 is meant to change once again, the Motor Vehicle Sales & Dealers Act. If enacted, your choice of where to purchase a current year model vehicle will be limited to:

- 1) a dealer that "has a current sales and service agreement with the manufacturer" (a franchised dealer), or
- 2) a dealer selling "a current model used vehicle received as a trade-in in the normal course of business."

The truth is, the AADA never held a general membership meeting, at least not one to which non-franchised dealers were invited, to vote on or even discuss this matter.

What is the aim of HB 272 - it's aimed squarely at NAFTA! That's right, the North American Free Trade Act is the target of HB 272. You see enterprising, non-franchised, Alaskan auto dealers have found a niche they can fill and make money doing it. As you well know, the Alaskan auto buyer is not able to roam from state to state as freely as their lower-48 counterpart, in search

of the best deal or the lowest tax. So these enterprising dealers were traveling to Canada, where the exchange rate and other variables enabled them to purchase Canadian vehicles for resale to Alaskans at a competitive price. I say competitive because, although thousands less than the price offered by most franchised dealers, as said earlier the purchase of one of these Canadian vehicles is not without sacrificing convenience.

But then, isn't that what free enterprise is all about? And wasn't our nation's free enterprise system meant to stimulate competition? And isn't every consumer the beneficiary? Whether or not you have bought and intend to buy from a franchised dealer, every vehicle you have or will ever own, you cannot afford to let HB 272 pass. For if you do, you create a non-competitive climate for Alaska's automobile dealers. And in that environment, every consumer loses.

Contact your legislator today and urge that HB 272 be defeated.

1068827 Ontario Inc. o/a Grace Motors
11211 Longwoods Rd.
Delaware, ON N0L 1E0

May 2, 2003


Tom Anderson Office
Attn: Josh Applebee

Re. House Bill #272

To Whom It May Concern:

We are a Canadian company currently exporting late model vehicles to all parts of the United States, including Alaska. We are opposed to Bill 272 and we believe that it would restrict trade of automobiles between our company and the state of Alaska. We are operating under the North American Free Trade Agreement, and we understand that it is illegal for a government to impose restrictions of trade against foreign companies based in Canada. We can't help but think that this would find the state of Alaska liable to a possible lawsuit under NAFTA. Also, this kind of regulation usually results in increase of prices for the consumer. We hope that you would consider this matter very carefully and we look forward to a favorable decision.

Best regards,



John Vink
President


Phone: (519) 652-9766 Fax: (519) 652-1381

Thousands, if not millions, of current model year U.S. vehicles need to be remarketed every year throughout the country. Rental cars, short-term leases, repossessions, and trade-ins are just a few types of vehicles that have to be sold through auto auctions, wholesalers, franchised dealers, and independent dealers. House bill NO 272 does not take these issues into consideration. I know of no other legislation of this kind in the Lower-48 states. If this bill passes in its present form, where does future legislation stop? What other current model year products do we have to produce legislation for: household appliances, machinery, recreational equipment, products sold on E-Bay?

Warranty issues and disputes are nothing new to the automobile business. Warranty issues on imported vehicles can be addressed by proper disclosure to the consumer by the selling dealer. In cases where manufacturers have voided warranties on imported vehicles, many dealers offer quality aftermarket warranties at time of purchase.

In summary, I believe that leaving the market free to compete is fair and is in the best interest of the consumer and the automobile dealer body as a whole.

Very Truly Yours,



Steve Sautner

President

Dealers Auto Auction of Alaska, Inc.

Lyberger's Car and Truck Sales, LLC



9530 Old Seward Hwy 4 Anchorage, Alaska 99515.

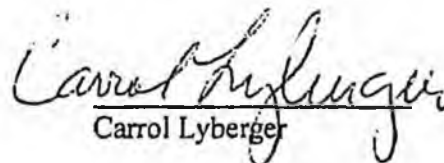
HB272

Representative Weyhrauch,

I believe the issue here needs to be simplified. We need to use common sense. There is a new car and a used car. Since the beginning of time when a automobile came off the assembly line and shipped to the franchised dealer that vehicle was a new vehicle. When a customer(consumer) purchased that vehicle it became used. The manufacturer was paid for their vehicle at the price they were asking. The franchised dealer was paid for their vehicle from the customer at the price they were asking. This vehicle is now a used vehicle. The MCO from manufacture to dealer was turned into a state for a title in the customers name.

The customer could not resale that vehicle as a new nor could a used car dealer sell it as new because it is not new, it is a current model.

My point is that there is a difference between a new and used vehicle, the word **CURRENT** can not distinguish between new and used. With this HB272 the word current is being the bad word, and this is why.


Carrol Lyberger



6324 Nielson Way
Anchorage, AK 99518
Phone: 907-563-8343
Fax: 907-563-8307

May 1, 2003

Senator John J. Cowdery
State Capitol, Suite 101
Juneau, AK 99801

RE: House Bill No. 272
Regarding motor vehicle sales

Dear Senator Cowdery,

I would like to bring to your attention the above referenced house bill that is currently being debated. Section 1 of the bill is short, but is a very controversial section within the automobile dealer community. As a vendor of auction services to the dealer community, I would like to offer my views on this issue.

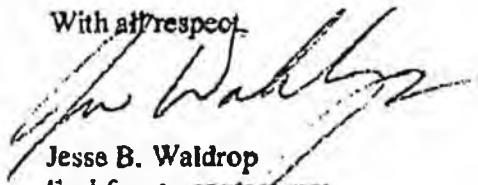
Let me start off by stating that our auction provides services for both new and used car dealers. We strive to be fair to all dealers and we often arbitrate disputes regarding purchases and sales between these dealers. Section 1 of this bill addresses the current practice of used car dealerships selling new or current model year vehicles. I am sure that the real intent of this section is not necessarily to protect consumers, but to protect the product exclusivity of franchised auto dealerships. While I certainly understand that new car dealerships have paid large sums of money for new car franchises and the right to exclusively market a product line in their territory, I do not believe government legislation limiting free market factors is the way this controversy should be handled.

Automobile franchises arise from agreements between the auto manufacturers and their respective franchised dealerships. The manufacturers have the ability, through wholesale pricing and policing of their franchisees, to limit the availability of new products that enter the market through non-traditional channels. Current model year products are sold through various channels throughout the U.S. every year. The surge in recent years of new Canadian vehicles being imported into the U.S. has arisen due to free trade legislation, manufacturers that discount their wholesale prices to Canadian dealers, and fluctuations in currency exchange rates. Manufacturers have the ability to adjust wholesale pricing to Canadian dealers and to police Canadian dealers who violate their franchise agreements by selling new vehicles to exporters.

To whom it may concern:

I am writing in regards to your location in Anchorage, AK. I arranged an appointment to have my vehicle worked on March 17, 2003 with your dealership. When I arrived one of your employees saw that I had a Lyberger's Auto Sales tag on the front of my vehicle. Joe Cordero, the Service Manager went to talk Todd Harris, the General Manager. Joe came back to tell me that my vehicle did not have warranty. When I tried to explain that I did have warranty on my vehicle he rudely informed again that I did not. I then told him again that I did. Before I could finish he practically got into my face and told me again that I did not have warranty. After a few more minutes of arguing about the warranty I felt humiliated and embarrassed in front of your employees and the customers. I then asked him why he could not accept my Heritage Warranty and he said, "he would not accept Heritage Warranties and with a deceitful smile on his face he would only accept cash in full before working on my vehicle." I then took my vehicle back to Lyberger's and an employee named Bubba called Todd Harris at Lithia and said he would write a check for the cost of any repairs for my vehicle. Todd Harris said he would not accept Heritage Warranties on any 2003 Jeep vehicles, only 2002 and below or accept any cash to have my vehicle fixed. I had to settle for a non-authorized Jeep mechanic to have my repairs done. I felt like I was very inconvenienced and disappointed in the only authorized Jeep dealership in Anchorage. I will be calling Heritage Warranties, the Better Business Bureau, and N.A.D.A. on the way I was treated at Lithia Jeep. I feel discriminated against that I did not purchase my vehicle at Lithia. I am also disappointed with the disrespect I received from your employees and especially your General Manager, Todd Harris. I am sorry that Lyberger's provides better deals on Jeep vehicles than your own Lithia location. I do not think that warrants disrespect for Jeep owners that purchase vehicles from other dealers and denied service and disrespect from your service department. The service department represents Lithia Jeep's reputation and I will not be recommending anyone to purchase or have repairs done with your dealership.

With all respect



Jesse B. Waldrop
Feel free to contact me:
907-644-6214
907-351-4333

**NAATA
THE NORTH AMERICAN AUTOMOBILE
TRADE ASSOCIATION**

70 East Beaver Creek Rd., Suite 30, Richmond Hill, Ontario
Canada L4B 3B2
Phone: (905) 882-7040, Fax: (905) 882-7051
www.naata.org

FAX TRANSMITTAL

To Mr. Ed Sniffen Lorri Urban-Manager, Member Services
Fax: 907-276-8554 Fax: 1-905-882-7051
Phone: 907-269-5100 Phone: 1-905-882-7040, Ext 2171
E-mail: clyde_sniffen@law.state.ak.us.com E-mail: lorri@naata.org

Date: Thursday, March 13, 2003 2 pages (including cover)

Dear Mr. Sniffen

The attached letter is in response to a consumer complaint made against Lithia Jeep in Anchorage, AK, for denial of Heritage warranty on a Canadian motor vehicle. Jesse Waldrop the consumer is very upset that Lithia refused his after market warranty, as well as the treatment he received. I appreciate any effort to assist the consumer in this matter. If you have any questions please feel free to contact me directly.

Regards

Lorri Urban

70 East Beaver, 30 Unit
Richmond Hill, Ontario
Canada L4B-3B2

Hyberger Problem.

STATE OF ALASKA

DEPARTMENT OF LAW
OFFICE OF THE ATTORNEY GENERAL

FRANK H. MURKOWSKI,
GOVERNOR

1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-5903
PHONE: (907)269-5100
FAX: (907)276-8554

April 1, 2003

CONFIDENTIAL

Lori Urban
NAATA
70 East Beaver Creek Rd., Suite 30
Richmond Hill, Ontario
Canada L4B 3B2

Re: Chrysler Warranty Policy on Canadian Vehicles

Dear Ms. Urban:

Thank you for your letter dated March 13, 2003 regarding Mr. Jesse B. Waldrop. You attached a letter from Mr. Waldrop in which he explains that Lithia Chrysler Jeep in Anchorage refused to honor a Heritage after-market warranty on his 2003 Jeep. The Jeep was originally manufactured for sale in Canada. Mr. Waldrop purchased the vehicle from Lyberger's Car and Truck Sales in Anchorage.

Motor vehicle manufacturers, such as Chrysler, have seen a tremendous increase in the sales of newer, current model Canadian vehicles by non-franchised used car dealers because of the favorable exchange rates between Canada and the U.S. Some of these vehicles have fewer than 100 miles on them, and show up on used car lots before the franchised dealers can get them from the manufacturer. Used car dealers can sell these vehicles for thousands less than the identical U.S. counterpart. This has significantly impaired the ability of franchised dealers to compete with dealers selling Canadian imports.

The State of Alaska has been monitoring this issue for a couple years. Alaska statute 08.66.015 was passed in 1993 to stop this practice. That law prohibits the sale of new or current model year motor vehicles unless the motor vehicle retains the original certificate of origin. Thus, technically, Lyberger's cannot sell any current model year vehicles that are imported from Canada. We have declined to enforce this statute, however, because it unnecessarily prohibits the sale of *any* current model used vehicle by *anyone*, including franchised dealers. Thus, enforcing this statute would render every

Lori Urban
NAATA

April 1, 2003
Page 2

current model used vehicle "non-sellable" by any motor vehicle dealer in the state. We do not believe this was the intent of the law, and are considering ways to amend the statute to address this issue.

Nonetheless, it is clear that the Alaska Legislature does not favor the practice of used car dealers selling low-mileage, current model Canadian vehicles that are imported for the sole purpose of undercutting the local franchised dealers. As I'm sure you know, this becomes particularly troublesome for franchised dealers who invest substantial sums of money to acquire and maintain their dealerships, including repair facilities, sometimes elaborate showrooms, and other expenses not incurred by other used car dealers. The "return" on this investment is the promise made to the dealer by the manufacturer that only authorized dealers can sell new products from the manufacturer. Because of the issues described above, manufacturers are having a difficult time keeping that promise.

To address this issue, Chrysler has adopted a policy that directs its dealers to not honor after-market warranties on current model year Canadian vehicles. This includes the Heritage warranty held by Mr. Waldrop. I spoke with Lithia's General Manager Todd Harris who states this policy is enforced for all current model Chrysler products, regardless of where they are purchased. There is no evidence that Mr. Lyberger is being "singled out." Nothing in Alaska's Unfair Trade Practices Act or Restraint of Trade Act requires a motor vehicle dealer to honor after-market warranties, and I cannot see how such a practice is inherently unfair or deceptive. Consumers who purchase such warranties are told (or should be told) about the scope of, and limitations on, after-market warranty products and service contracts.

Chrysler's policy does not prevent the sale of current model Canadian vehicles, nor does it prevent a consumer from having repairs done. Lithia indicated it would repair Mr. Waldrop's vehicle on a cash basis. Mr. Waldrop can also get his vehicle repaired by another repair facility, albeit an unauthorized one. These are simply things a consumer must consider when making the decision to purchase a current model Canadian vehicle without a factory warranty.

Other aspects of Mr. Waldrop's letter, however, do raise some concerns that I will discuss with Lithia. It appears that Lithia may not have dealt with Mr. Waldrop in a professional manner, and may have misled him about the nature of the warranty he does have. Lyberger's should also make it very clear to its customers that local dealers may not honor any warranty on current model vehicles. This should help avoid unreasonable expectations on behalf of the consumer.

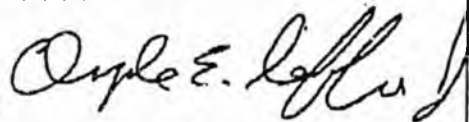
Lori Urban
NAATA

April 1, 2003
Page 3

Thank you again for bringing this to my attention. Please let me know if you have any questions.

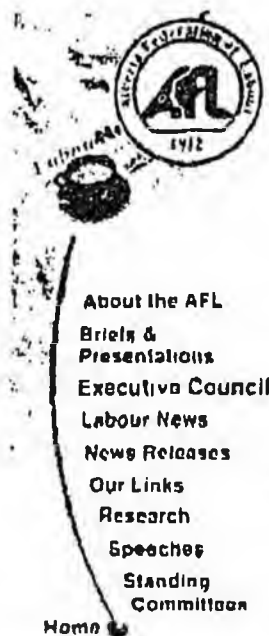
Sincerely,

GREGG D. RENKES
ATTORNEY GENERAL

By: 

Clyde E. Sniffen, Jr.
Assistant Attorney General

CES/sjm



Labour News

Government Humiliated in Free Trade Lawsuit

By Tom Fuller

July 1998 will be remembered by many as the month the free trade chickens finally came home to roost. Over the last decade, in debates over the Free Trade Agreement (FTA), the NAFTA, and the Multilateral Agreement on Investment (MAI), critics of "trade liberalization" have argued that such treaties seriously limit the government's ability to pass legislation designed to protect the the public interest in areas like environmental protection. These arguments were pooh-pooed as leftist paranoia by the wealthy and powerful free trade lobby. "What", they asked, "does Free Trade have to do with the environment?"

Well, last month gave us the answer -- and the MMT/Ethyl Corporation fiasco proves just how right the "paranoids" were.

MMT is an octane booster -- a gasoline additive designed to eliminate engine knocking. It was introduced in 1977 to replace tetraethyl lead, an earlier octane enhancer that had been shown to be a serious environmental toxin. Unfortunately MMT soon proved to have problems of its own. Its critical ingredient -- manganese -- can also have health effects. High levels of airborne manganese are associated with some very serious neurological symptoms up to and including death.

In 1995 the Canadian government banned both the import and the interprovincial trading of MMT. Of course the threat to public health wasn't enough in itself to bring about this legislation: it took complaints from auto manufacturers to prod the government into action. Car makers reported that that MMT was damaging the catalytic converters in automotive pollution control systems

It seemed logical enough at the time. While the scientific evidence wasn't absolutely conclusive, there seemed to be sound reason to worry about the effects of MMT on public health and the environment. Rather than risk these effects, the government took the prudent course and banned the substance.

In the age of Free Trade however, prudence, logic and the public interest come a distant second to the rights of business. MMT's manufacturer, the Ethyl Corporation of Richmond, Virginia announced that it was suing the Government of Canada, claiming \$251 million in damages. The suit was filed under a provision of the North American Trade Agreement that allows corporations to sue governments -- before that treaty such a suit would have been impossible.

Ethyl Corp. claimed that the ban on MMT would reduce the value of its manufacturing plant, hurt its future profits, and damage its reputation. The

Government Humiliated in Free Trade Lawsuit

Page 2 of 2

federal government huffed and puffed and vowed to fight the suit until its own lawyers quietly informed it that Ethyl was right -- under NAFTA the right of an American Corporation to hypothetical future profits outweighs probable but unproven environmental damage and danger to public health.

The Government of Canada had to accept defeat and public humiliation. It has been forced to agree that it will withdraw the ban on MMT, compensate Ethyl Corp. to the tune of about \$19 million taxpayer dollars, and issue a statement that the additive is neither an environmental nor a health risk (a statement that defies both the evidence and common sense).

Of course the corporate press had to find a way to spin the story so that it didn't cast Free Trade in a negative light. The Globe and Mail tried to portray it as a power struggle between industries ("Ottawa loses in battle between Big Auto, Big Oil") while the Edmonton Journal played the story as yet another example of government inefficiency ("Ottawa bungled the MMT issue").

Unfortunately for them, no amount of media spin-doctoring can obscure the point of this sorry affair: under the rules of Free Trade the rights of an American corporation to make a profit outweigh the obligations of the government of Canada to take prudent precautions in the public interest. In the first major test of the effects of NAFTA on Canadian sovereignty and environmental protection, corporate power came out a clear winner.

(Note. Albertans who are tempted to agree with the Journal's account of the affair as "federal bungling" should consider this: it was an Alberta government court challenge to the ban on interprovincial trading of MMT that made the Ethyl Corporation victory certain. Of course it shouldn't surprise anyone that Alberta ended up on the side favoured by the petroleum industry. When it comes to defending the interests of "Big Oil," the Klein Tories have no shame; when it comes to the environment and public health, they have no policy.)

Questions for HB 272 – Motor Vehicle Dealers

1. Why were these additional amendments necessary? What prompted the bill?
2. Does this bill significantly limit a dealer's ability to buy and sell cars?
3. How does this bill affect second hand auto dealers?
Canadian imported used cars have been sold in Alaska for several years, why are we penalizing these employers?
4. Isn't this bill exclusionary to those people who are not "authorized dealers?"
5. What about trade-ins? It seems to punish those who what to sell their cars to companies who are not new car dealers?

Subject: Re: HB272, Section 1

Date: Mon, 05 May 2003 22:15:22 -0800

From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Organization: Alaska State Legislature

To: Teri <teri.petram@wccip.com>

CC: Representative_Tom_Anderson@legis.state.ak.us,
Representative_Bob_Lynn@legis.state.ak.us,
Representative_Carl_Gatto@legis.state.ak.us,
Representative_Nancy_Dahlstrom@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us,
Representative_Harry_Crawford@legis.state.ak.us, mailto@legis.state.ak.us

Thanks Teri

I appreciate the education; I will be looking closely at this section 1.

Bruce

Teri wrote:

To Whom This May Concern, May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

When Lyberger's first opened for business the manufacturers of domestic vehicles (GM, Dodge, Ford, Lincoln, Chrysler, etc) all honored factory warranties on imported Canadian vehicles.

U.S. franchises obviously would prefer not to have competition from registered importers or other used car dealers. As a result they have put pressure on the manufacturers to allow them to legally not honor warranties on Canadian Imported vehicles.

Since August 2000, the rules on warranty coverage for imported vehicles have changed several times.

In the beginning we were told by local dealers that they would not honor the warranty on our imported vehicles. Then after several complaints were made to various Northwest Factory representatives the local dealers were told that they would have to honor the warranty since, after all, the *factories were paid for warranty coverage* when the vehicles were originally sold as long as the correct importation paperwork has been filed.

Several local franchised dealers have purchased many of these Canadian vehicles at the same local dealer auctions we attend. They may not disclose this to their customers but they do indeed buy and sell Canadian vehicles.

In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle. GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I am faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always

done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

I would like to point out a few statements customers hear about us from the local new car dealers that are untrue:

They sell flood vehicles.

They roll the odometers back.

They don't pass emissions.

They are made in Mexico and aren't the same quality as ours.

They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership to see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,

Teri Petram

(907) 227-8327 cell

Subject: Re: HB272

Date: Mon, 05 May 2003 22:13:42 -0800

From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Organization: Alaska State Legislature

To: kurt <l13@gci.net>

CC: Representative_Tom_Anderson@legis.state.ak.us,
Representative_Nancy_Dahlstrom@legis.state.ak.us,
Representative_Harry_Crawford@legis.state.ak.us,
Representative_Carl_Gatto@legis.state.ak.us,
Representative_Bob_Lynn@legis.state.ak.us,
Representative_David_Guttenberg@legis.state.ak.us,
Representative_Norman_Rokeberg@legis.state.ak.us

Thanks Kurt

we are looking at this.

Bruce

kurt wrote:

I would appreciate a moment of your time to read this e-mail. I am NOT in the new or used car industry. I am concerned that HB272 is unreasonably restrictive and would prevent small businesses from fair competition with larger dealerships. Failure to protect small dealerships allows the possibility of the larger dealerships (as distributors of "new" vehicles) to dictate how the used car business should be run. Franchise dealerships could effectively monopolize the market for their brand by ensuring that no aftermarket support was available for a specific brand's products. Used car dealerships should simply be able to identify who can repair their cars if a local dealership refuses to repair cars sold on their lot. As a consumer, I would not purchase a vehicle from a major dealership such as Cal Worthington, or Alaska Sales and Service if I believed that they would not repair my car if I had purchased it from a smaller dealership. I also would not support anyone who believes that passing this bill without the exclusion of the amendment to section 1b is in the best interests of any one individual, or group of individuals in the community. While I support much of the bill, the people who gain the most from the passing of this bill are the large dealerships who I assume have donated to have this bill sponsored. Please do not pass this bill until the amendment to **Sec. 08.66.015 1b** is excluded. Kurt Loutzenheiser

(no subject)

Subject: (no subject)

Date: Tue, 6 May 2003 20:19:11 EDT

From: Mmartensen@aol.com

To: Representative_Tom_Anderson@legis.state.ak.us

May 6,2003

The Honorable Tom Anderson
Chair, House Labor and Commerce Committee
Alaska State Legislature
Juneau, Alaska 99801-1182

Re: HB 272

Dear Representative Anderson,

I am writing in support of HB 272. These corrections to current statutes will be helpful in our business.

Section 1 of HB 272 will serve to eliminate consumer complaints in a number of areas.

These include warranty coverage; dealers who sell current model used cars imported from Canada claim that the service contract they provide is as good as a manufacturer warranty. This is not correct, as the service contract will come up short in many areas and the contract may not be honored by a qualified facility.

Vehicles that are imported require a change in the speedometer. This opens up major concerns for odometer tampering. Even a mistake in this procedure could cost a consumer many thousands of dollars.

Safety recalls are important. The technology encompassed in a new vehicle is significant. The responsibility to conduct those repairs falls to the manufacturer and the new car dealer. Carmakers lose track of vehicles that are imported into this country from Canada.

Our company has experienced many complaints with these autos. This bill serves to protect consumers from importers with no stake in Alaska.

Opponents of this legislation have little or no responsibility for repairs. They have neither tools, technicians nor the facilities required.

We do not wish to limit sales of vehicles that are truly used. We do feel that the impression these vehicles leave with a customer is that of a new vehicle. Moreover, as such the consumer looks to the new car dealer for assistance.

Sincerely,
Marten Martensen
Continental Auto Group

cc:
Representative Lynn
Representative Dahlstrom
Representative Rokeberg
Representative Crawford
Representative Guttenberg

May 7,2003

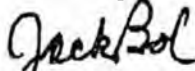
To Labor & Commerce Committee Members,
Chairman Tom Anderson

With regards to section one of House Bill 272 we respectfully ask that you reconsider. This bill will surely bring unwanted and costly litigation. It appears that you are benefiting franchised dealers and discriminating against non-franchised dealers.

I am a non-franchised wholesale dealer importing vehicles from Canada and now that franchised dealers have more competition they are using elected officials to try and eliminate the competition.

Please reconsider and hear all sides of the argument so that consumers may have as many options as possible.

Sincerely,



Jacob (Jack) Bol
Plaza Importers Inc.
Lapeer, MI

Subject: House Bill No. 272

Date: Wed, 30 Apr 2003 18:08:01 -0400

From: Lorri Urban <lorri@naata.org>

To: josh_applebee@legis.state.ak.us

By way of introduction the North American Automobile Trade Association is an association of independent exporters and importers of motor vehicles to international destinations.

Issues with section 1 of Bill 272:

The purpose of section 1 is to stop the importation and sale of new Canadian vehicles by independent vehicle dealers. These cars are identical to American cars, except that they are thousands of dollars less expensive.

Many independent Alaska dealers specialize in selling Canadian vehicles because of the cost savings to consumers. Section 1 will prevent consumers from these savings and will put many independent dealers out of business. Restrictions on the sale of Canadian cars to American consumers is currently under antitrust scrutiny by the Federal Trade Commission because these restrictions cause consumers to pay inflated prices for cars.

The Alaska government may also expose itself to liability under NAFTA because section 1 blocks trade between Canada and the United States to the detriment of many American businesses and consumers. There have been several lawsuits under NAFTA facing governments who adopted similar trade restrictions (the most high profile involved a lawsuit by Ethyl Corporation against the Canadian government when the Canadian government tried to block the importation of MMT, a gasoline additive - the parties ultimately settled for \$10 million). Enactment of section 1 of the Bill will expose the Alaska government to similar liability.

Lorri Urban
Manager, Member Service
North American Automobile Trade Assoc.
(905) 882-7040 ext 2171
(905) 882-7051

Quality Auto Sales, LLC
7240 Old Seward Hwy
Anchorage, AK 99518
907-341-4100

April 30, 2003

To Whom It May Concern:

After reviewing the House Bill No. 272, Section 1 AS 08.60.015 proposal I would like to point out some potential problems that will negatively affect the used automobile dealers as well as the general public.

- The current model year vehicles under this bill will be monopolized by new car dealers. These vehicles will be available for sale only by new car dealers for up to 16-18 months before they are available for sale by all dealers.
- Manufacturers warranties are built into the original cost of the vehicle and should not be denied if the vehicle is being re-sold by a used car dealer. It does not matter if you are a company, an individual, or a dealer the warranty was paid for by the manufacturer and is not costing the repairing dealership any money. It is paid the same. All warranty work should be honored equally.
- Used vehicles become used the second they are sold. They are sold for fair market value at that point. If only new car dealers can sell the current year models then this is a double standard being put on used car dealers.
- Used car dealers are not the only ones affected by this bill. It affects the general public when individuals have personal situations (i.e. job loss, estate deals, too high of payments and need to trade down). It also affects other businesses including the dealer auctions and car rental companies.

I would appreciate your careful consideration when defining the new house bill. There are some extremely detrimental faults with the proposed bill that have been overlooked. Your time and attention with this matter would be greatly appreciated.

Sincerely,



Heidi Anderson, owner
Quality Auto Sales

Lyberger's Car and Truck Sales, LLC

9530 Old Seward Hwy ♦ Anchorage, Alaska 99515

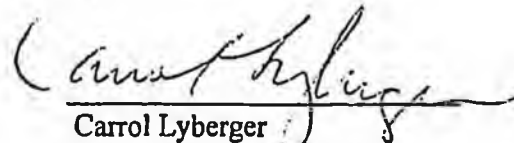
Senator Ben Stevens

Ref: HB272

April 29, 2003

I am writing in reference to this HB272 which reflects to my business personally. I sell late model used vehicles. This bill is telling me as an used car dealer what I can and can't sell. This bill reflects that free enterprise in the auto dealership (whether new or used) in the State of Alaska depends on if you are a franchised dealer or independent used car dealer. The rules and laws change to fit franchised dealers so they can control the market place. What happened to free trade, this is a restrain of free trade. This bill tells me that I can't sell a used current model vehicle 2003 unless I have a (Franchised) manufacturer agreement. Many current model vehicles are on the market for sale from lease returns, rental companies, and individuals beginning as early as June of past year. Example: Used 2004 models with be available for sale come June of 2003 from these sources. I would not be able to purchase or sell these vehicles because they are current model year. The only dealer that would be able to sell a current model vehicle would be a franchised dealer.

My business has 39 employees and deals with many independent venders. We have a medical plan and profit sharing. This HB would affect my employees and their livelihood. I would like to talk to someone and get some feedback on what I should do. I started my business in 1999 after working many years for a franchised dealer. Since I have opened I had to head butt several franchise dealers here in Anchorage. It looks like the Alaska Legislature is going to do the head butting for them. If you would like more information about me or why I think this HB is being presented to the legislature please call.



Carrol Lyberger
907-349-3343 Anchorage
877-349-3343 Toll Free

Subject: HB 272

Date: Tue, 29 Apr 2003 19:59:28 -0800

From: Rodger and Peggy Lewerenz <rlp@gci.net>

To: Representative_Tom_Anderson@legis.state.ak.us

Rep. Anderson,

We would like to comment on HB 272. We recently had the pleasure of buying a vehicle from Lyberger's here in Anchorage and found out about this legislation coming up for a vote. We are both adamantly opposed to this legislation. It's important to have free enterprise and not limit small business owners from competing fairly with large national chains.

If these bigger dealerships feel threatened by small businesses such as Lyberger's then maybe they need to look at the way they do business and not run to the government for help. We find it appalling that this has even come up for consideration. Please give this bill it's due consideration (about 20 seconds) and vote it down for the sake of all small business owners.

Rodger & Peggy Lewerenz

Subject: Bill 272

Date: Wed, 30 Apr 2003 15:14:07 -0600

From: "Gerry and Nina" <gnnault@hotmail.com>

To: <josh_applebee@legis.state.ak.us>

I am writing in reference to Bill 272 which I strongly OPPOSE as this bill will cause us financial hardship. We have been in the transportation business of current model vehicles to various locations - ie. Independent Dealerships for the past couple of years to Alaska and this bill would greatly cut into my revenue source. Thank you .

Nina Nault
Director
Northwestern Auto Carriers
780 476-9914

ODOMETER FRAUD KEEPS ON ROLLING

by Steve Finlay

Ward's Dealer Business, May 1, 2002

MILD-MANNERED RICHARD MORSE LEADS A LAW enforcement crusade against odometer rollbacks.

Sometimes he wonders if he's making inroads as manager of the U.S. Department of Transportation's odometer fraud enforcement program. He's headed it since it began in 1978.

"Things haven't changed much," says Morse, whose low-key demeanor belies his federal crime fighting job as well as a 20-year stint as an Army Intelligence officer.

He's busted major rollback artists, and sent hundreds to prison.

"And you know what? It's still a problem," he says. "Why? Money. Too much is made on this crime."

In 1979, the average rollback garnered about \$700 in illicit profits. Twenty years later that rose to \$3,800, according to Morse.

Odometer rollbacks aren't as rampant as they were before the federal government stepped in 24 years ago — through a door the auto retailing industry willingly held open.

"Congress passed the odometer law at the insistence of the industry which was saying, 'This is killing us,'" says Morse.

It was deadly, especially for the industry's image.

The public's accurate perception that some shady characters were rolling back odometers was widening to an inaccurate public perception that just about the entire used-car industry was in on it.

The industry's reputation suffered, as did the reputations of car dealers — some of whom were aiding and abetting, but many of whom were crime victims themselves.

Says Morse, "Dealers take it hard. Their reputations are at stake. They've got to buy the car back when odometer fraud is uncovered. They can get caught up in lawsuits that become public information.

"My advice to dealers is to know who you buy from. I can't believe some stories involving dealerships. Like the guy driving a transport who shows up at a dealership. They buy three cars off the truck. From someone they never saw before in their lives."

Odometer tampering just keeps rolling along. But these days, violators are going up the river on felony convictions.

For instance, Morse's office put away 18 people in a big rollback ring in Little Boaz, AL, pop. 7,000.

5/2/2003

Fifty-five felons went to prison for similar criminal behavior in a Springfield, MA, case, and a bunch more in Cleveland, TN.

"In Cleveland, every car coming out of the local auction was a rollback," says Morse. "Forty people went to prison, and there are only five used-car lots in the city."

Morse describes the major auction houses as his best friends.

"We work closely with them," he says. "I'm still trying to convince them to let me in their data bases."

As a federal officer, Morse hesitates to criticize state governments. But he sees them as a big part of the problem.

"You can't roll back the odometer if you can't get the mileage changed on the title, and a lot of states have poor titling procedures," he tells the 2002 Conference of Automotive Remarketing.

In some states, the con artists easily obtain duplicate titles by claiming they lost the originals. "They'll give you a new title without requiring identification," says Morse.

In a New England case, a rogue posing as a dealer readily got a dealer's license so he could better sell cars with tampered odometers.

Says Morse, "Do you know who licenses dealers in Massachusetts? The township clerks. I asked one, 'Does anyone go out to see if an address on a license application is valid?' She said, 'The only time we leave the office is for lunch.'"

Conversely, Florida Department of Motor Vehicles agents have traveled the country investigating title and odometer fraud. The Florida DMV is also certifying its clerks and paying them more in the hopes they'll be more vigilant and stick around longer.

New Jersey historically was a problem state for vehicle title washing. Morse criticized that in a local newspaper interview. He was on the hot seat when the story came out. But the state legislature now is tightening up on titles.

"I embarrassed them into doing something," says Morse.

Today's rollback artists use the latest technology to beat the system.

"Most odometers are now digital, but you can buy digital rollback equipment on the Internet for \$1,800-\$2,000," says Morse.

His father was a car dealer for 30 years, back when odometer tampering was widespread.

"He was involved in all this stuff," says Morse.

Many of today's dealers still don't consider it a serious offense.

"Dealers will say, 'Oh, we had a clocked car, bought it back, and everyone was happy.' I ask, 'What would you do if you discovered the car was stolen? Buy it back? No. So why do it when rolling back odometers is a felony punishable by prison time?'"

Even the guys doctoring the odometers don't seem to think they're doing anything terribly wrong.

"They consider themselves businessmen, rather than criminals," says Morse. "Until they go to prison."

Steve Finlay is editor of *Ward's Dealer Business*. His e-mail address is: sfinlay@primediabusiness.com

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Sponsored by:

5/2/2003

#45709

DAIMLERCHRYSLER MOTORS CORPORATION INVOICE

3951-AK
PLANT ZONE DEALER VEHICLE ID NO. INVOICE NO. INVOICE DT
ST LOUIS SOUTH 72 43730 1D4GP25313B104663 3-RSK-64598561 09/1/75

HTP MENDENHALL AUTO CENTER
TO: 8725 MALLARD STREET
JUNEAU AK 99801-

IGN KEY M2240
TRK KEY 22
ACC KEY 1290
4088-01-9

HOLD MENDENHALL AUTO CENTER
TO: 8725 MALLARD STREET
JUNEAU AK 99801-

SHIPPING 3807

PAYD FOR BY: CHRYSLER FINANCIAL CORPORATION
CREDIT SALE XX CASH SALE

SAE HP 32.2
000-2222 2-75

BODY & EQUIP.

DESCRIPTION

STL52	Dodge Caravan SE FWD
PR4	Satin Jade Pearl Coat
SE5	Seats - Cloth High-Back Bucket
AAV	Climate Group II
AJK	Deluxe Convenience Group
WJP	Power Convenience Group
BRF	Brakes - Anti-Lock
GL	Transmission - 4-Spd. Auto
GM	Engine - 3.3L V6 OHV FFV
GXR	Keyless Entry Sys. w/2 Transmitters
RAZ	Radio - AM/FM Cassette, Compact Disc
YWH	DaimlerChrysler Owner Loyalty Mail
2DC	Customer Preferred Package 2DC
25C	Customer Preferred Package 25C
	MSRP RETAIL TOTAL 24,240.00

ORIGINAL INVOICE

THIS VEHICLE IS MANUFACTURED TO MEET SPECIFIC UNITED STATES REQUIREMENTS. THIS VEHICLE IS NOT MANUFACTURED FOR SALE OR REGISTRATION OUTSIDE OF THE UNITED STATES.

COMMITMENT FORM



You have already accepted your Crossfire allocation. If you wish to change your commitment, please contact your District Manager for additional information.

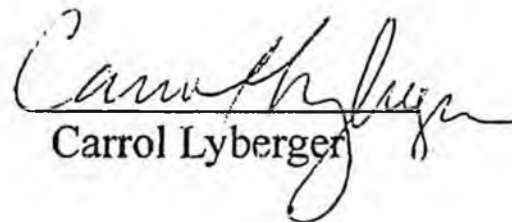
If you need technical assistance, please e-mail CrossfireHQ@carlson.com.

Dealer Code	43710	
Dealer Name	MENDENHALL AUTO CENTER	
Dealer Address	8725 MALLARD STREET JUNEAU , AK 998018052	
2003 CY Vehicle Allocation	1	(Additionally, all participating dealers will be allocated a minimum of one Crossfire in the 2004 CY.)
Special Tools	\$6,600.00	Special tools will be required to service the 2004 MY coupe and serve as the foundation of tools required for future model years and the convertible. The special tool package will be billed to the dealer's parts account in the sum of \$6,600.
Parts Package	\$1,200.00	A maximum of \$1,200 worth of parts will be shipped to each dealer to support Crossfire. Upon shipment, the cost of the parts will be charged to the dealer's parts account.
Technical Training	\$150.00	Technical Training consists of an interactive disc (\$150) and two days of live training (free). Dealers must complete Technical Training prior to receiving their first vehicle.
Sales Training	\$150.00	One Crossfire interactive CD-ROM training disc will be supplied to all dealers. This CD will be timed to arrive at dealerships to coincide with the official launch of the Crossfire in July. Dealers must complete Sales Training prior to receiving their first vehicle.

ATTN: Josh

Please give these documents to the committee. Our customers called Wehrauch office yesterday and was told that this bill issue was about a used car dealer selling Canadian vehicles illegal and not informing the customer.

Here are the documents that each customer signs when they purchase a Canadian vehicle from us.


Carrol Lyberger

To Whom This May Concern,

May 4th, 2003

I have worked at Lyberger's Car & Truck Sales in Anchorage since August 2000 as a finance manager. It is my responsibility to make sure all the appropriate state and federal paperwork is signed by each customer that buys a car.

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In January 2003, after much pressure from U.S. franchises, Dodge announced that their franchises would no longer honor warranty claims on any 2003 model or later imported vehicle. GM also announced that they would no longer cover warranties on vehicles imported with less than 7500 miles or less than 6 months old.

Fair enough, Lyberger's is currently paying to put a replacement warranty on each of these vehicles.

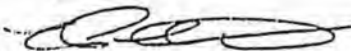
We are extremely careful with each customer and have them sign three different documents that disclose the above mentioned. I am faxing a copy of each for you to decide if we are being straight forward enough with our customers. We also provide them with a copy of a Carfax history on the vehicle and copies of any service receipts we may have. We have always done everything possible to make sure our customers are treated fairly and honestly. We are always in compliance with the laws regarding imported vehicles from Canada.

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- They sell flood vehicles.
- They roll the odometers back.
- They don't pass emissions.
- They are made in Mexico and aren't the same quality as ours.
- They have no factory warranty. (untrue on Ford's and older GM's or Dodges)

I would like to invite you to our dealership the see for yourself before allowing HB 272 section 1 to pass as proposed. I am also happy to answer any questions you may have regarding this issue.

Best Regards,



Teri Petram
(907) 227-8327 cell

Lyberger's Car and Truck Sales, LLC



9530 Old Seward ♦ Anchorage, Alaska 99515

The used vehicle you are purchasing was originally sold new in Canada and was imported into the USA by a registered importer. The odometer has been converted from kilometers to miles and certified to be correct. The instrument cluster may have been replaced with a new one with English rather than metric indicators. This is your acknowledgement that you have received this information.

Signature _____ Date _____

Signature _____ Date _____

Every Customer at Lyberger's
Signs this form.



LYBERGER'S CAR & TRUCK SALES, LLC

907-349-3343 PHONE

907-349-3686 FAX

The vehicle you are purchasing has no manufacturer's warranty. Lyberger's Car & Truck Sales has given you a Heritage Warranty that will cover your vehicle for 3 years or 36,000 miles form the original manufacturer's in service date.

Year: _____

Make: _____

Model: _____

Vin: _____

Date: _____

Customer's Signature

All customers that buy a vehicle that would ordinarily have factory coverage but are Canadian therefore dont sign this.

This is the Replacement Warranty Form



New Vehicle Limited Warranty By Heritage

WARRANTY HOLDER (CUSTOMER INFORMATION)

This needs to be filed in when vehicle is sold.

Name:.....

Address:.....

City, ST, Zip:.....

Phone #:.....

APPLICATION/WARRANTY NO: CLW 111574

Current Odometer:.....

Vehicle Purchase Date.....

Standard \$0 Deductible

\$100 deductible option

COVERED VEHICLE

VIN:.....

Year:.....

Make:.....

Model:.....

DEALERSHIP

Name:.....

Address:.....

City, ST, Zip:.....

1-800-646-1008 ROADSIDE ASSISTANCE 1-800-646-1008

Your emergency road service begins on the effective date of this limited warranty, and will continue until the expiration or termination of this limited warranty, whichever occurs first. Your emergency road service is available throughout the United States 24 hours a day, 365 days a year.

Concierge Service — The customer is responsible for payment of any services arranged (i.e. The cost of the hotel room, rental car, etc.) directly to the provider of the service.

Emergency Roadside Towing Service — \$50 limit for such services as fuel delivery, tire changes (customer supplied), jump-starts, lockout, mechanical first-aid, and towing.

ASSISTANCE OBTAINED THROUGH ANY SOURCE OTHER THAN ROADSIDE ASSISTANCE IS NOT COVERED AND IS NOT REIMBURSABLE.

Additional Options: 4 Wheel/All Wheel Diesel / Super/Turbo 1 Ton Dual Wheel

Term: 36 months / 36,000 miles 48 months / 60,000 miles Other

TERMS MEAN DATE OF SALE OF WARRANTY AND WHEN ODOMETER REACHES THE MILEAGE CHOOSEN.

I HAVE READ AND UNDERSTAND THIS LIMITED WARRANTY IN ITS ENTIRETY. I ACKNOWLEDGE MY UNDERSTANDING THAT IT IS ISSUED BY THE ISSUING DEALER FOR THE DURATION INDICATED ABOVE AND IS INCLUDED AS PART OF THE BASE PURCHASE PRICE OF THE VEHICLE WITHOUT ANY ADDITIONAL COST TO ME.

Customer Signature _____ Date _____

DEFINITIONS

- "Breakdown" or "Mechanical Breakdown" means the event caused by the total failure of any Covered Part to work as it was designed to work in normal service. Please refer to the wording under exclusions for a listing of conditions under which the failure of a Covered Part is not considered a Mechanical Breakdown.
- "Warranty Holder" means the holder of this limited warranty.
- "Covered Part" means any part of the vehicle not listed under the section of this limited warranty entitled *What Is Not Covered* and not excluded from coverage as per the section of this limited warranty entitled *Exclusions - What This Limited Warranty Does Not Cover*.
- "Repair Facility" means any automotive repair facility at which the Warranty Holder seeks to acquire service under this limited warranty.
- "Claim Administrator" means Heritage Administration Services, Inc., located at 8055 "O" Street, Lincoln, Nebraska 68510, and which can be reached at 1-800-753-5236.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION

CLAIMS 1-800-753-5236

White - Dealer Pink - Administrator Goldenrod - Customer

CLW-ULW-TP-081202

TRANSFERABILITY

This warranty transfers with the Vehicle. Please notify Heritage Administration, in writing, whenever the warranty needs to be transferred.

WARRANTY HOLDER OBLIGATIONS

- The Warranty Holder and the Repair Facility are required to obtain the Claim Administrator's authorization number prior to beginning any repair covered by this limited warranty.
- Warranty Holder may be responsible for a deductible for each visit to the Repair Facility.
- The Warranty Holder is responsible for authorizing and paying for any tear down or diagnosis time needed to determine if the vehicle has a covered Breakdown. If it is subsequently determined that the repair is needed due to a covered Breakdown then the Claim Administrator will pay for such tear down or diagnosis. If the failure is not a covered Mechanical Breakdown then the Warranty Holder is responsible for payment of such tear down or diagnosis.

CLAIM ADMINISTRATOR OBLIGATIONS

If a covered Mechanical Breakdown of the vehicle occurs during the term of this limited warranty and within the United States or Canada, the Claim Administrator will:

- Pay the Warranty Holder or the Repair Facility for repair or replacement, as the Claim Administrator deems appropriate, of the Covered Part(s) which caused the Mechanical Breakdown if the Warranty Holder has met his/her obligations as described in this limited warranty and if the Breakdown is not excluded under the exclusions section of this limited warranty. Replacement parts can be of like kind and quality. This may include the use of new, remanufactured or comparable parts as determined by the Claim Administrator.
- Reimburse the Warranty Holder for a rental car. Required labor time is determined by the national repair manual in use by the Repair Facility. Up to 2 additional days of rental (\$50 maximum) will be paid if an engine or transmission is being replaced due to a Mechanical Breakdown. If the Claim Administrator requests that the vehicle be inspected by an outside source, the Claim Administrator will reimburse the Warranty Holder for 1 additional day of rental. To receive rental benefits, Warranty Holder must supply the Claim Administrator with the receipt from a licensed rental agency. The limit on this reimbursement is up to \$25 per day for up to 6 days per Mechanical Breakdown or series of Breakdowns related in time or cause.
- Reimburse the Contract Holder for motel and restaurant expenses up to \$75 per day for a maximum of 3 days in the event of a Breakdown covered by the Contract, which occurs more than 100 miles from your home and results in a Repair Facility keeping the vehicle overnight. The maximum benefit per occurrence is \$225. TO RECEIVE MOTEL AND RESTAURANT REIMBURSEMENT, THE CONTRACT HOLDER MUST SUPPLY HERITAGE ADMINISTRATION SERVICES, INC. WITH ISSUER RECEIPTS FROM THE PROVIDERS OF SUCH SERVICES.

WHAT TO DO IF YOU HAVE A BREAKDOWN

- (1) Use all reasonable means to protect the vehicle from further damage. This may require you to stop the vehicle, turn off the engine, and have the vehicle towed.
- (2) If you require emergency road service, call the toll-free telephone number listed above for Roadside Assistance.
- (3) Present this limited warranty to the Repair Facility, call the Claim Administrator, Heritage Administration Services, Inc. toll free at 1-800-753-5236, and fax any required maintenance receipts. Heritage Administration Services, Inc. can be reached through the mail at 8055 "O" Street, Lincoln, Nebraska 68510.
- (4) Prior to proceeding with repairs, ensure the Repair Facility calls the Claim Administrator with an estimate of repairs and receives an authorization number from the Claim Administrator.

WHAT IS NOT COVERED

The following are not covered by this Warranty: PAINT/CARPETING; FRAME OR STRUCTURAL SEPARATION; MANUAL/HYDRAULIC CLUTCH ASSEMBLY; TRIM; HOSES AND RUBBER PARTS; FIBERGLASS TOP; ANY REPOSITIONING, REFITTING OR REALIGNING; MOLDINGS; DISTRIBUTOR CAP/ROTOR; TIRES/WHEELS; AIR BAG/SUPPLEMENTAL RESTRAINT SYSTEMS; LENSES; BATTERY AND CABLES; ALL MAINTENANCE SERVICE AND ITEMS SUCH AS ALIGNMENTS, WHEEL BALANCES, ENGINE TUNE-UPS, SPARK/GLOW PLUGS, PLUG WIRES, BRAKE PADS, LININGS & SHOES, FILTERS, LUBRICANTS, COOLANTS, HOSES AND BELTS; BRIGHT METAL; LIGHT BULBS/HEADLIGHTS; EXHAUST SYSTEM; WEATHER STRIPPING; BODY PANELS; BRAKE ROTOR/DRUMS; NORMAL FLUID/OIL LUBRICANT SEEPAGE; CANVAS, VINYL OR FABRIC TOPS; SHOP SUPPLIES, HAZARD WASTE REMOVAL; BODY ADJUSTMENTS; BUTTONS, HANDLES, DOOR HINGES, GLASS; SERVICE ADJUSTMENTS AND CLEANING; RETROFITS OR REPLACEMENTS OF ANY COMPONENTS CAUSED BY OR DUE TO COMPLIANCE WITH LAW OR LEGISLATION INCLUDING THE 1990 CLEAN AIR ACT, AND INCLUDING EMISSION CONTROL EQUIPMENT AND SENSORS.

EXCLUSIONS — WHAT THIS LIMITED WARRANTY DOES NOT COVER

- Any breakdown caused by sludge buildup. A Breakdown caused by contamination of or lack of proper fuels fluids coolants or lubricants including a Breakdown caused by a failure to replace seals or gaskets in a timely manner.
- Repair of any parts during a covered repair which are not necessary to the completion of the covered repair or were not damaged by the failure of a Covered Part. Such replacement is considered betterment and is not covered by this limited warranty.
- Repair or replacement of a covered component/part to correct conditions that may reasonably be assumed to have existed at the inception date of the coverage provided by this warranty (Pre-existing conditions).
- Any cost covered by a repairer's or supplier's guarantee, or any cost which would normally be covered by a manufacturer's warranty.
- Costs or other damages caused by the failure of a part listed as an excluded part.
- Cost or other damages caused by continued vehicle operation after the failure of a Covered Part.
- Any liability, cost or damages Warranty Holder may incur to any third parties other than the Claim Administrator's approved repair or replacement of Covered Parts which caused a Mechanical Breakdown.
- A Breakdown caused by overheating, rust or corrosion.
- A Breakdown caused by collision, fire, electrical fire or meltdown, theft, freezing, vandalism, flood, or for any hazard insurable under standard physical damage insurance policies whether or not such insurance is in force with respect to the vehicle.
- Loss of use, loss of time, lost profits or savings, inconvenience, commercial loss, or other incidental or consequential damages or loss that results from a Breakdown.
- Liability for damage to property, or for injury to or death of any person arising out of the operation, maintenance or use of the vehicle whether or not related to a Breakdown. Any costs or other benefit for which the manufacturer has announced its responsibility through any means including public recalls or factory service bulletins. Any part not covered by, or excluded by the original vehicle manufacturer's warranty.
- A gradual reduction in operating performance due to normal wear and tear, such as guides, valves, rings, transmission clutch pack discs and bands.
- Vehicles that have been modified which affect the breakdown.
- Incident or consequential damage or loss caused by Breakdown of Covered Parts (or otherwise) including property damage, personal injury, inconvenience, loss of vehicle use, and commercial loss. Punitive damages are also expressly excluded. Repairs covered by any original manufacturer's warranty, (whether or not transferred with the vehicle).
- Dealer and Claim Administrator reserve the right to cancel this limited warranty and will not pay for Mechanical Breakdown if the odometer fails, or for any reason does not record the actual mileage of the vehicle after purchase date and the actual mileage of the vehicle cannot be established.

OTHER IMPORTANT WARRANTY PROVISIONS

The issuing dealer's obligation to perform under this limited warranty is insured by Heritage Warranty Mutual Insurance Risk Retention Group, Inc., 8055 "O" St., Lincoln, NE 68510 and reinsured by American Re®—a national A++ rated company and member of the Munich Re Group®. In the event the Claim Administrator fails to pay that which the Claim Administrator or issuing dealer are legally obligated to pay, the Warranty Holder may file a claim under the insurance policy by mailing a copy of the adjudication to Heritage Warranty Mutual Insurance Risk Retention Group, Inc. at their above address. The aggregate total of dealer's and Claim Administrator's liability for all benefits paid or payable during the term of this limited warranty shall not exceed the actual cash value of the vehicle according to current National Auto Dealers Association standards at the time of Breakdown.

NO CLAIMS WILL BE PAID WITHOUT PRIOR AUTHORIZATION

CLAIMS 1-800-753-5236

CLW-ULW-TP-081202

White - Dealer

Pink - Administrator

Goldenrod - Customer

To Whom This May Concern,

May 5th, 2003

In various phone conversations with committee members and others involved in the rewording of HB272 section 1, I, or my colleagues have been told that the focus of that section is to address unfair trade practices. In each conversation we were never given concrete evidence that there are any importation laws broken or unfair trade issues.

Apparently there seems to be a sympathetic attitude towards local franchised dealers and the investment they have made in their respective franchises. It seems that the picture that is being painted is that they have no way of competing with the prices of imported Canadian vehicles.

I would like to point out that while the exchange rate from Canada to the US is favorable for those dealers who buy imported vehicles, franchised dealers have access to factory subsidized interest rates (try to beat 0%), factory rebates (in excess of \$3000), holdback and dealer only incentives for moving specific vehicles, and factory backed advertising. Once you compare the facts most times the new car franchises have as good a bottom line price as a used car dealer, but aren't willing to accept the same smaller profit per deal.

I would like to hear exactly what it is about importing a product from another country, LEGALLY, and with full disclosure that is considered to be an unfair trade practice.

Perhaps the focus of litigation should be between the franchises and their manufacturers. After all, the true injustice is that the manufacturers sell the same exact vehicle to franchises in Canada for less than a franchise in the U.S. Ask yourself, how does that involve your local used car dealer? We don't set the invoice price, incentives, rebates, etc.

Anxiously awaiting a reply,



Teri Petram
12921 Troy St
Anchorage, AK 99515
Used Car Consumer

Affordable USED CARS

HB272

SECTION 1. AS 08.66.015 Sale of motor vehicles

To Whom It May Concern:

Section 1 of this bill, the way it is written will give an unfair monopoly to franchised auto dealers with regards to used vehicles in the state of Alaska.

The current draft states that a dealer may not offer to sell a current model year vehicle unless. (1) that dealer has a sales and service agreement with the manufacturer or (2) the vehicle is current model used vehicle received as a trade in in the normal course of business.

A vehicle is considered used when it is titled to an owner. If that person or business wishes to sell that vehicle on the open market they should have every option open to them. HB272 limits the selling options to these people. Their choice would be to sell it back to the dealer they bought it from.(assuming they were buying) or selling it themselves in the newspaper.(not appealing to a lot of people) This time frame would be for approximately 15 to 16 months depending on when the model was released in the previous year. (2004 vehicles will be out in SEPT. or OCT. 2003)

HB272 would limit fair trade to Alaskan Used Car Dealers if passed. The Alaskan consumer of used vehicles would see their list of potential dealers shrink. In some towns in Alaska they would have only one option. This bill is a bill about monopolizing a segment of the used car market. Nothing more.

HB272 will put Alaskan used car dealers at a disadvantage when purchasing vehicles at auctions in the lower 48. Alaskan dealers would have to stand aside as thousands of **good current model year vehicles** went by. Alaskan dealers would be the only ones not able to purchase these vehicles if HB272 passes. Is this in the best interest of our Alaskan customers and dealers?

HB272 as written, states that dealers can take a current model vehicle (used vehicle) on trade in the normal course of business. What about the other ways we obtain used vehicles in our normal course of business? Would these vehicles be illegal? How would you ever be able to prove or enforce this?

929 East 8th Avenue • Anchorage, Alaska 99501 • (907) 274-2277 • Fax (907) 274-2278

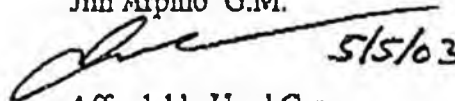
2525 B. Cushman • Fairbanks, Alaska 99701 • (907) 452-8707 • Fax 452-6241

Section 1 of HB272 should be removed. This would be in the best interest of the consumers of used vehicles in the State of Alaska. It would also benefit the fair trade of used vehicles among dealers. And not create a monopoly to one segment of dealers.

In closing I would like to state that not one used car dealer was contacted to help draft any part of HB272. As a current member of the Alaska Auto Dealers Association since 1994 and a current board member, I strongly oppose section 1. of HB272.

I would be happy to answer questions regarding this matter any time. 452-5707

Jim Arpino G.M.

A handwritten signature in black ink, appearing to read 'Jim Arpino', is written over a horizontal line. To the right of the signature, the date '5/5/03' is handwritten.

Affordable Used Cars
Fairbanks and Anchorage.