



CONSUMER NEWS

SAN DIEGO CITY ATTORNEY'S OFFICE

Beware Unlicensed Car Dealers Posing as Private Sellers

March 2012

Unlicensed used car dealers are using a devious method to lure unsuspecting consumers into buying unsafe salvaged cars: They pose as private car owners instead of as dealers. When the car turns out to be a lemon, the unlicensed dealer is long gone and the consumer has no recourse.

Perhaps you have seen their cars parked on the sides of private streets with homemade "for sale" signs in the window. They also advertise on websites like Craigslist listing a car as "for sale by owner." What you don't know is that these sellers purchase the cars at salvage yards and auctions, often after they have been in serious accidents. They do few repairs on the cars and then turn around and sell them to consumers--claiming that they have owned the cars for years and that they have never been in an accident.

The practice of unlicensed car dealers posing as private car sellers in order to flip salvaged cars for profits is called "curbstoning." The name comes from the fact that the cars are often parked curbside on busy streets with for sale signs. Curbstoners regularly buy and sell vehicles without a dealer's license, proper permits or an established place of business. This practice is illegal under California law.

STATE LAW PROHIBITS UNLICENSED DEALERS FROM SELLING MULTIPLE VEHICLES FOR PROFIT

California law requires people who buy, sell or broker vehicles for profit to obtain an automobile dealer's license from the California Department of Motor Vehicles.

In order to get a license, the State requires proof of a business license, insurance,

evidence of proper bonding as well as photographs of the place of business.

Under California law, a licensed automobile dealer may only offer cars for sale at pre-approved locations, and may not park cars for sale on the side of the road.

State law does allow private citizens to sell vehicles "by owner," as long as the vehicles being sold are registered and insured in the name of the seller.

Curbstoners are unlicensed used car dealers who are operating in violation of the law, and to the detriment of consumers.

HOW TO SPOT A CURBSTONER:

Curbstoners are counting on the fact that many consumers feel more comfortable buying a used car from a private owner than a used car dealer. Curbstoners

exploit this by claiming they have been the only owners of the cars, and have kept them regularly maintained.

If you want to buy a used car from an individual, rather than an established business, there are ways to guard against curbstoners:

- Ask to see the driver's license of the seller along with the car's title. If the name on the license doesn't match the title, don't buy. The title should indicate whether the vehicle is salvaged;
- Ask for all vehicle maintenance records, and be very suspicious if the records have been "lost" by the seller or if there are huge gaps in service;
- Check the phone number listed in on-line advertisements. If the same phone number appears in multiple "for sale by owner" ads, avoid this seller;
- Ask the seller for a detailed CARFAX Vehicle History Report to identify if the car has been salvaged. Curbstoners typically won't allow such report. You can run a CARFAX report yourself and should do so if you decide to buy the car;
- Always take the car to a trusted mechanic who can identify weld marks or other signs of damage;

- Have the seller complete the section of the title in your presence and ensure the seller fills out the odometer section and signs the pink slip in your presence. Often Curbstoners roll back the odometers on the cars they re-sell. Compare the signature on the title to the signature on the seller's driver's license.

ENFORCEMENT:

Acting as an automobile dealer without a license in California is a criminal misdemeanor punishable by up to six months in jail and a \$1,000 fine. The sales can also be the result of theft by false pretense which may be a misdemeanor or felony. If the curbstoner fraudulently completes the title to the vehicle, he/she may commit forgery which may also be a misdemeanor or felony. These crimes can be prosecuted by the City Attorney's Office if they occur in the City of San Diego.

Automobiles offered for sale by unlicensed dealers may be removed from streets and impounded by police. This is one way law enforcement addresses curbstoning.

Complaints against Curbstoners can be reported to the Department of Motor Vehicles by calling 1-800-777-0133 or by visiting: <http://www.dmv.ca.gov>. DMV investigators often pose as consumers and contact individuals selling multiple vehicles on the street.

Consumer tips can help the DMV catch the violators before they victimize members of the public.

Complaints about other businesses operating in the City of San Diego can be filed with the San Diego City Attorney's Consumer and Environmental Protection Unit.

**San Diego
City Attorney's Office
Consumer and Environmental
Protection Unit
(619) 533-5600**

This newsletter was written by Deputy City Attorney Kristine Lorenz.

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Sources: California Vehicle Code section 11700 et. seq.; California Vehicle Code section 22651(u); DMV pamphlet on curbstoners.

The information provided in this newsletter is intended to convey general information and is not intended to be relied upon as legal advice.

To report violations of consumer protection laws, call the City Attorney's Hotline at **(619) 533-5600**.