

WHOLESALE DEALER GUIDEBOOK

January 2023

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I. Introduction & Field Investigation Unit

Introduction

We are going to cover seven topics:

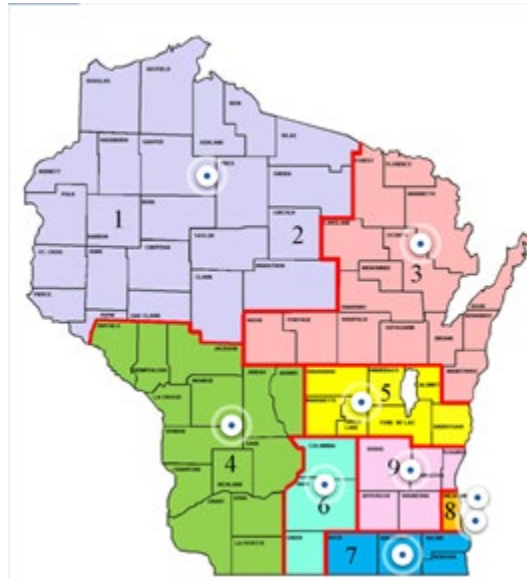
1. Field Investigation Unit - who are they and what do they do?
2. Wholesale vs Retail - what is a wholesale dealer and what does this type of dealer license allow you to do?
3. Periodic Inspections & Required Records - what records are you required to keep?
4. Odometer laws – how do you properly transfer a title and disclose vehicle mileage?
5. Business procedures - how do you make changes to your license?
6. Surety Bonds - why do you have to have it and what does it do?
7. Dealer Plates - how are they allowed to be used?

Once you complete this class you will receive an email with a link to the presentation, logbook spreadsheet template, and list of resources. Your dealer license will be issued and mailed to your office.

Field Investigation Unit

TERRITORY MAP

The state of Wisconsin is divided into nine territories by county. Each territory is assigned to a consumer protection investigator. Your investigator is assigned based on which county your business is located.



The Rest of the Unit...

- The supervisor of the Field Investigation Unit is Maura Schifalacqua
- Lemon Law, Bond Claim, Advertising, and Training Specialist is Tristan Kloss
- Our lead Odometer and Title Fraud Investigator is Joel Ingebrigtsen
- Wholesale Dealer Training Team, we can be contacted via email, wholesaledealertraining@dot.wi.gov or by telephone, 608.266.1425, ask to speak with a dealer trainer.

WHAT DOES THE FIELD INVESTIGATION UNIT DO?

- Our primary goal is to educate all motor vehicle dealers. Our goal is to keep Wisconsin dealers in business, doing business right. For that reason, we are conducting these training classes. We prefer to help you conduct business legally rather than catching you doing something wrong.
- We regulate and enforce the laws related to motor vehicle dealerships. To do this, the investigators conduct periodic inspections. These inspections include reviewing your records. Don't be surprised if an investigator calls you and requests copies. We'll discuss this more in just a little while.

- We resolve disputes and consumer complaints, as a wholesaler, we should not receive any consumer complaints.
- We have two investigators that specialize in odometer tampering and title fraud. This is a huge problem in the US, but easy to track. Odometer tampering is a federal offense, that is why we have a separate topic on odometer laws.
- Finally, our entire team responds to complaints regarding unlicensed retail sales. We will discuss the difference between wholesale and retail sales in just a minute.

II. Wholesale vs Retail

Introduction

You're a wholesale dealer, do you know what that means? Do you know who your suppliers are? Do you know who your customers are? These questions and more will be answered in this lesson. We are going to discuss the laws that regulate the Wisconsin wholesale dealer license.

ATTENTION:

It is ILLEGAL for Wisconsin wholesale dealers to sell vehicles to the retail customers.

This includes vehicles sold to private individuals, the general public, friends, family, and yourself.

WISCONSIN LAW REQUIRING LICENSES

Wisconsin Law Requiring Licenses



No motor vehicle dealer, motor vehicle wholesaler, motor vehicle salesperson, motor vehicle buyer, or sales finance company may engage in business as a motor vehicle dealer, motor vehicle wholesaler, motor vehicle salesperson, motor vehicle buyer, or sales finance company in this state without a license therefore as provided in ss. 218.0101 to 218.0163...Any person violating this subsection may be required to forfeit not less than \$500 nor more than \$5,000.

Wisconsin State Statute §218.0114(1)

Wisconsin State Statute §218.0114(1) is the first law we'll discuss. To put it in layman's terms, it is illegal to operate in the motor vehicle industry without a license. This includes you as a wholesale dealer. You will notice the statute separates motor vehicle dealer and motor vehicle wholesaler. A motor vehicle dealer sells vehicles to retail customers, whereas a motor vehicle wholesaler, like yourself sell vehicles to other motor vehicle dealers and wholesalers.

DEFINITION OF WHOLESALER DEALER

The definition is found in Wisconsin statute §218.0101(38) it states a wholesaler is a person or business who does any of the following.

1. Sells more than 5 used motor vehicles in any 12-month period to one or more motor vehicle dealers, motor vehicle auction dealers, or salvage dealers. Although, if you sell even one motor vehicle for profit, the Department considers you a motor vehicle dealer of some sort which means you are required to have the appropriate dealer license.
2. Purchases used motor vehicles from a motor vehicle dealer or at a motor vehicle auction for the purpose of selling the vehicles to a motor vehicle dealer, motor vehicle auction, or wholesaler.
3. Purchases used motor vehicles on behalf of a motor vehicle dealer as a private contractor.
4. A person is not a wholesale dealer if they are employed by and receive a paycheck from only one motor vehicle dealer for services relating to the sale or purchase of motor vehicles.

WHOSE MOTOR VEHICLES CAN YOU BUY.

Your suppliers are:

- Licensed motor vehicle dealers and
- motor vehicle auctions.

Most of your purchases will be at a wholesale auto auction such as Manheim, Insurance Auto Auction, Copart, and others.

WHO ARE YOUR CUSTOMERS?

Your customers include:

- Licensed motor vehicle dealers
- Motor vehicle auction dealers
- Salvage dealers such as Alter
- Other licensed motor vehicle wholesale dealers

CONSIGNMENT SALES ARE FORBIDDEN

A consignment sale is when an individual uses a motor vehicle dealer to sell their car. The person maintains ownership of the vehicle until it sells. Once the car is

sold, the dealer gives the money to the owner and is paid a pre-arranged commission for selling the vehicle.

Wisconsin Admin. Code Trans 138.027(3) prohibits wholesale dealers from consigning their vehicles with retail dealers.

DEFINITION OF RETAIL SELLER



“Retail seller” means a person, firm or corporation selling or agreeing to sell one or more motor vehicles under a retail installment contract to a buyer for the buyer's personal use or consumption.

Wisconsin State Statute §218.0101(33)

The definition of a retail seller, also known as the retail motor vehicle dealer, is outlined in Wisconsin Statute §218.0101(33) which says a person or business agrees to sell one or more motor vehicles to a buyer for personal use. On the other side...

DEFINITION OF RETAIL BUYER



“Retail buyer” means a person, firm or corporation, other than a motor vehicle manufacturer, distributor or dealer, buying or agreeing to buy one or more motor vehicles from a motor vehicle dealer.

Wisconsin State Statute §218.0101(31)

The retail buyer or retail customer is a person or business other than a motor vehicle dealer who buys or agrees to buy one or more motor vehicles from a retail seller or motor vehicle dealer. As we discussed before, a motor vehicle dealer is sells to retail customers while you are a wholesale motor vehicle dealer.

WHO IS A RETAIL CUSTOMER?

A retail customer is any of the following.

- An individual person buying a motor vehicle for personal use or collection. This could be a parent buying a car for their kid to use.
- In addition, a retail customer could be a business buying a car to use a company car.

WHO CAN ATTEND WISCONSIN MOTOR VEHICLE AUCTIONS?

Wholesale dealer employees are not eligible for Buyer's Licenses. Wisconsin law only allows the registered owners of wholesale dealers to attend Wisconsin motor vehicle auctions.

Buyer's licenses can only be issued to employees of retail motor vehicle dealers.

Wholesale dealer employees are eligible for BID card licenses to attend motor vehicle salvage pool auctions.

WHAT ABOUT ATTENDING AUCTIONS IN A STATE OTHER THAN WISCONSIN?

Please contact that state's licensing agency to determine who is allowed to attend auctions.

RESPONSIBILITY

In addition to the law requiring a whole dealer license, there is a statute which states you are responsible for your employee's actions while acting as an agent of your wholesale dealership.

We want you to understand that your wholesale dealer license may be suspended or revoked if your employees engage in illegal activities while they are acting on behalf of your dealership.



As a wholesale dealer, you are responsible for the acts of any or all of your BID card holders and employees while acting as your agent.

Your dealer license may be revoked or suspended as a result of any illegal activities conducted by BID card holders and employees while acting as an agent of your wholesale dealership.

Wisconsin State Statute §218.0116 (6)

PENALTIES FOR SELLING TO RETAIL CUSTOMERS OR OPERATING WITHOUT A LICENSE

- Citations: Any person violating this law may be required to pay citations not less than \$500 nor more than \$5,000. Per violation. Each vehicle bought or sold without the appropriate license is a separate violation.
- Revocation is another option if you or one of your employees sells even one motor vehicle to a retail customer.
- Finally, depending on the extent of the violations, you may receive both citations and license revocation.

III. Periodic Inspections & Required Records

Introduction

The Field Investigation Unit is responsible for conducting periodic inspections. Those inspections include reviewing required records, so what records are required and how long are you supposed to keep them? We're going to discuss those requirements and what to expect when an investigator contacts you requesting the records.

DEPARTMENTS AUTHORITY TO CONDUCT PERIODIC INSPECTIONS



Every dealer shall maintain for 5 years a record in the form the department prescribes of every vehicle bought, sold or exchanged, or received for sale or exchange, which shall be open to inspection by a representative of the department or a peace officer during reasonable business hours.

Wisconsin State Statute §342.16(2)

Wisconsin Statute §342.16(2) states “Every dealer shall maintain for 5 years a record in the form the department prescribes of every vehicle bought, sold or exchanged, or received for sale or exchange, which shall be open to inspection by a representative of the department or a peace officer during reasonable business hours.” Let’s break this down.

WHAT ARE REASONABLE BUSINESS HOURS?

You are required to maintain a minimum of two consecutive hours, Monday thru Friday between 8:00 a.m. and 5:00 p.m. Central Time.

REQUIRED RECORDS

There are four records you are required to maintain for each vehicle bought and sold:

1. OWNERSHIP RECORDS



Ownership records. As evidence of ownership, title for each used vehicle owned and offered for sale ...

Wis. Admin. Code Trans 138.04(1)(a)



- Title for each used vehicle owned and offered for sale
- If a lender (floorplanner) is holding the title to ensure payment at the time of sale, the dealer may have in its possession a copy of the title.

As a wholesaler the first document you are required to keep is the Certificate of Title.

If you still own the vehicle, you must have the original title. Once you sold the motor vehicle to another dealer you **MUST** keep a copy of the front and back of the title with the dealer reassignments completed.

If you use a floorplanner to finance your purchases, you must keep a copy of the certificate of title. Once you sell the vehicle and send the money to the floorplanner, they will send original title to you. You will have to complete the dealer reassignments, make new copies for your records and pass the original title on to the next dealer.

NO ROOM FOR REASSIGNMENTS ON THE CERTIFICATE OF TITLE?

Wisconsin does not have a supplemental reassignment form for regular use.



Wisconsin does not have a supplemental reassignment form for regular use.

What do you do when the reassignments are full and you need to transfer the motor vehicle to another licensed dealer?

1. MV2115 – Supplemental Reassignments

DO NOT USE MV2115

Starting in May 1990 all titles were required to include an odometer statement. To help with the transition the Department created a supplemental reassignment form that is to be used for any title issued before May 1, 1990. This form is not allowed for any other reason.

If you try to use it for any other reason it will be rejected by the Wisconsin DMV and will cause an unnecessary headache for the dealer who purchases the vehicle from you.

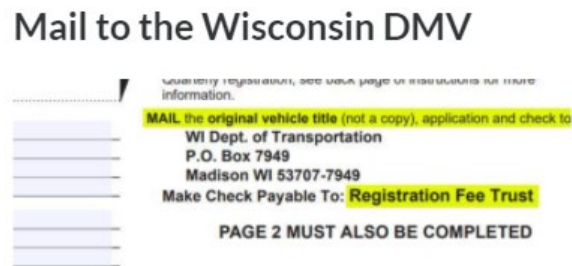
Instead, Wisconsin law requires you to obtain a new title in the dealership name to continue transferring the vehicle to the next dealer.

2. Complete the a MV1 – Application for Title

The MV1 – Application for Title can be found on our website at wisconsin.gov. You will need to fill it out completely to avoid any processing delays.

- Full legal name of the Dealership
- FEIN or SSN (if sole proprietor)
- Business Address and telephone number
- Vehicle Identification Number (VIN)
- Year, Make, Body Type, and Color of the motor vehicle
- Title fee of \$164.50
- Dealer signature

3. Mail to the Wisconsin DMV



After you complete the application it will need to be mailed to the Wisconsin DMV. The address is on the application.

You must include:

- The MV1 – Application for title
- Original title showing the last transfer from the previous dealer to your dealership.
- And a check or money order for \$164.50 made out to the Registration Fee Trust, RFT for short.

Summary

Once you receive your new title, you are ready to sell the vehicle to the next licensed dealer.

NEVER sell a motor vehicle without the certificate of title.

2. ODOMETER DISCLOSURE



Odometer disclosure. Odometer disclosure statement from prior owner and odometer disclosure statement to subsequent purchaser, as required by s. Trans 139.04 (7).

Wis. Admin. Code Trans 138.04(1)(d)

As previously mentioned, you must include an odometer statement on the back of the certificate of title.

Federal law requires odometer statement for all motor vehicles, for 20 years, starting with model year 2011 and newer. For example, a model year 2023 vehicle must have an odometer statement completed until 2043.

Vehicles model year 2010 and exempt from odometer disclosure.

3. DEALER RECORD BOOK

The dealer record book, also known as the dealer logbook or a police book, must be maintained religiously for all vehicles you purchase and sell. The logbook must include:

- The date you acquired the vehicle.
- The name and address of the person for the dealer who sold the vehicle to your wholesale dealership.
- The description of the motor vehicle including: the year, make, and VIN.
- The date you sell the motor vehicle
- Finally, the name and address of the dealer who bought the motor vehicle from you.
-

LOGBOOK ENTRIES

The logbook can be a permanently bound book, or you can use a spreadsheet such as Excel as long as it has the same information the permanently bound book must have.

1. Immediately after you purchase a vehicle

Date Acquired	Acquired from Name	Acquired from Address	Year	Make	Model	VIN
12/26/2000	MMMA - Tom Auto Sales	124 Main St, Kaukauna, WI 54904	2000	Ford	Escape	1F0HAKPK0012485
12/26/2000	MMMA - Lessor Leasing	887 Herkules, Winona, WI 54801	1979	Chevy	Malibu	1G0FR01468
6/1/2020	JMSAA - The Car's Lot	135 W. 99 Ave, Jefferson, WI 53018	2000	Saab	9000s	1251G21421331C
8/2/2020	JMSAA - Kimberley Cars	887 E. 224th St., Johnson-Creek, WI 53028	2008	Ford	Challenger	
8/2/2020	JMSAA - Kimberley Cars	887 E. 224th St., Johnson-Creek, WI 53028	2008	Dodge	Challenger	1G2E34H4V557204

Immediately after you buy the motor vehicle you must add that vehicle to your logbook. This entry must be written on the next line in ink and please make it as legible as possible.

You are not allowed to leave any lines blank.

If you make a mistake while adding your entry to the book draw one line through the entry and continue to the next line. Never use whiteout, scribbles, or write over the mistake.

- Initial purchase entries shall be made immediately as each vehicle is acquired and sales information entered on the same line at subsequent time of sale.
- All entries shall be consecutively entered in ink and be legible.
- No blank horizontal lines shall be allowed.
- If you make a mistake, draw one line through the entry and continue to the next line
 - NEVER use Whiteout
 - NEVER write over a mistake

2. What information needs to be recorded

The initial entry must include the date you acquired the vehicle

The name of the selling dealer. If you purchased the vehicle at auction, we recommend adding the name of the auction along with the name of the selling dealer.

The street address of the selling dealer.

Finally, the vehicle description including the model year, vehicle make, vehicle model, complete vehicle identification number.

3. Immediately after you sell or dispose of a vehicle

Once you sell a vehicle you will go back to your logbook and find the original entry you added when you purchased it. You will continue adding information to the line associated with that vehicle.

4. What information must be recorded after sale / disposition

The information you're going to add to your logbook will include:

- the date you sold the vehicle
- the name of the dealer who purchased it, and
- the address of the dealer who purchased the vehicle.

Just like the vehicles you purchase at auction; we recommend you include the name of the auction if you sell the vehicle through one.

5. If records are electronic you must

As I mentioned before, you can use a spreadsheet program such as Excel to serve as your logbook if:

- All records are retrievable during an inspection
- You can print or email a copy of the spreadsheet to the investigator if requested.
- The electronic logbook must be in the same format as the permanently bound dealer logbook.

6. Summary

The dealer logbook is one of the most important tools to help you stay organized. During a periodic inspection your investigator will request to see your logbook.

Law enforcement is allowed to request to see the logbook, hence the nickname "Dealer Police Book".

4. WHOLESALE DISCLOSURE REQUIREMENTS



Wholesale disclosure requirements. Sellers in wholesale transactions shall make the disclosures required in s. Trans 139.04 (6) (a) 1. to wholesale purchasers of motor vehicles in writing before purchase.

Wis. Admin. Code Trans 139.04(8)

Wisconsin law states all wholesale transactions must include a wholesale buyer's guide. This buyer's guide must include:

- All material history
- Prior use
- Title brands
- And all jurisdiction where the vehicle was previously titled.

AUCTION BLOCK TICKET VS WHOLESALE BUYER'S GUIDE

The image displays two forms side-by-side. On the left is the 'WISCONSIN WHOLESALE BUYER'S GUIDE' form, which includes sections for vehicle information (Year, Make, Model, VIN), title history (Personal Use, Business Use, etc.), and seller/buyer details. On the right is the 'AUCTION BLOCK TICKET' form, which includes vehicle identification (Year, Make, Model, VIN), seller information (Name, Address, City, State, ZIP), and a release statement section. Both forms are filled out with sample data.

Wisconsin DMV allows an exception to the wholesale buyer's guide for vehicles that are sold through a wholesale auction if the auction block ticket includes the same information disclosed on the buyer's guide.

Wholesale disclosures

1. All Material History

Material history includes:

- Information about the vehicle that a reasonable person would attach importance such as any knowledge of a previous accident.
- Information you may have found while running a Carfax, NADA, or Kelly Blue Book report. This could be a mileage discrepancy.
- Information you learn while doing research to answer a question asked by the purchasing dealer.

The key to material history is, if it would be important to you if you were buying the vehicle for your child, parent, or spouse, it will likely be important to the purchasing dealer.

2. Prior Use

Prior use tells you and other dealers a lot about the history of a vehicle. Prior use includes:

- Personal use" means any motor vehicle owned or leased by an individual and primarily operated for personal use. Basically, people using their vehicles to get around town.
- "Business use" means any motor vehicle owned or leased by either of the following:
 - A company, other than a lessor.
 - An individual and primarily operated for business use.
- "Lease use" means any motor vehicle leased for a period of time exceeding 4 months.
- "Rental use" means any motor vehicle rented for a period of time not exceeding 4 months.
- "Demonstrator" means any untitled or non-privately titled motor vehicle which was used primarily for the purpose of demonstration to the public.
- "Executive" means any untitled or non-privately titled motor vehicle which was used primarily by executives of licensed manufacturers, distributors or dealers and not used for demonstration to the public.
- Driver education
- Government
- "Water damaged vehicle" means a vehicle that has been materially damaged by being covered, in whole or in part, by water, whether by

flood or other occurrence and the damage is less than what is required to meet the definition for branding

- Titled to Insurance
- History or use unknown, this should be used very sparingly.

3. Title Brands

Title brands are self-explanatory for the most part, but we will briefly discuss each one.

- Rebuilt Salvage is a vehicle that was previously titled a salvage vehicle but has been repaired and inspected by State Patrol.
- Flood Damaged is a required brand for a vehicle that has flood or water damage that is limited to what the dealer could find using reasonable care or previous knowledge.
- Hail damaged is obvious but it does not apply to a hail-damaged vehicle that was repaired with any replacement part
- Transferred to Insurance Company, Damage Claim Paid is a vehicle that was transferred to an insurer upon payment of an insurance claim. This does not apply to salvage vehicles.
- Manufacturer Buyback / Lemon
- Taxicab is a vehicle that was previously licensed and used as a *taxicab or for public transportation*.
- Police vehicle is a vehicle that was previously licensed and used as a police vehicle by a law enforcement agency.
- Non-USA Standard is a vehicle which was not manufactured in compliance with all federal emission and safety standards applicable at the time of manufacture, whether or not the vehicle was subsequently modified to meet such standards
- Other should be used sparingly again but would include information you may find on a title from another state or jurisdiction.

4. All jurisdictions where the vehicle was previously titled

This information is found on the vehicle's title. Other jurisdictions include:

- States, if you are holding a Wisconsin title be sure to include Wisconsin under the jurisdiction's disclosure and any other state the vehicle had been titled.
- Countries, a lot of vehicles travel between Canada, the US, and Mexico. On occasion you will see other countries.

IV. Odometer Laws

Introduction

State and Federal Odometer laws are serious business which is why we have two investigators specifically tasked with investigating any vehicle that may show signs of odometer tampering and title fraud. We're going to discuss the laws regarding odometers and odometer disclosures.

TITLE & ODOMETER BASICS

You may hear us refer to conforming and non-conforming titles, so what's the difference?

1. Conforming Title

Conforming titles are printed on secure paper and include federally mandated odometer disclosure language.

All Wisconsin titles issued after May 1, 1990 are conforming. As we discussed in the previous lesson, the MV2115, supplemental reassignment form is not allowed to be used EVER. That form is designed for the Non-Conforming Title

2. Non-conforming title

A non-conforming title does not meet specific criteria required by the Federal Truth in Mileage Act of 1986. All Wisconsin titles issued prior to May 1, 1990 are non-conforming.

If a title was issued by another state or country, the odometer disclosure language is used to determine whether a title is conforming or non-conforming. If the title has a phrase such as "Warning Odometer Discrepancy" it is a conforming title. Another easy way to determine if title is conforming is if it has a space for an odometer statement for each reassignment.

REASSIGNING OWNERSHIP

Every time a vehicle changes hands a reassignment is required. As you can see on the back of this title there is a space for previous owner to sign and provide an odometer statement, the reassignment is then completed by the person, business, or dealer that takes possession of the vehicle from the original owner. Once the vehicle is sold at auction another set of reassignments will be completed with another odometer statement.

ODOMETER STATEMENT

As we just mentioned, reassignments must include a written odometer statement of the vehicle's mileage, signed and dated by the seller, to the buyer at the time of sale. Subsequent odometer statements are rarely the same as the previous statement.

- The odometer reading at the time of transfer, not including tenths of miles.
- If the seller knows the odometer reflects the amount of mileage in excess of the designed mechanical odometer limit the seller shall include a certification to that effect.
- If the seller knows that the odometer reading differs from the vehicle's mileage and that the difference is greater than that caused by odometer calibration error:
 - The seller shall include a certification that the odometer reading is not actual mileage.

- This statement shall alert the buyer that a discrepancy exists between the odometer reading and the actual mileage.
- If, due to an accident, fire or other random occurrence, the odometer reading of the motor vehicle being transferred cannot be read:
 - The seller shall indicate in the spaces designated for the odometer reading on a conforming odometer statement a reading of “0” (zero).
 - Or a recent reading that can be documented, such as on an odometer statement, emission inspection report or repair invoice, and shall certify that the odometer reading is not actual mileage.
 - This statement shall alert the buyer that a discrepancy exists between the odometer reading and the actual mileage.
 -

WHICH VEHICLES REQUIRE AN ODOMETER STATEMENT?

1. A motor vehicle with a gross vehicle weight rating of less than 16,000 pounds
2. A vehicle that is 20 years old or newer starting with the model year 2011.
3. Finally, any motor vehicle except a moped

WHAT IF THE ODOMETER IS MALFUNCTIONING?




If a motor vehicle continues to be operated between the time its odometer malfunctions and the time the odometer is repaired or replaced, the transferor may disclose that the odometer reading reflects the actual mileage only if all of the following conditions are satisfied:

- The malfunctioning odometer is repaired or replaced within 30 days after the date the odometer began to malfunction.
- A good faith estimate can be made of the miles traveled by the motor vehicle between the time the odometer malfunctioned and the time the odometer was repaired or replaced.
- The repaired or replaced odometer is calibrated to reflect the vehicle's mileage reading which was on the odometer at the time it malfunctioned, plus the number of miles which the motor vehicle was operated between the time of the odometer's malfunctioning and the time of its repair or replacement.

If, under these circumstances, the odometer is not calibrated as described in this paragraph, the odometer reading must be disclosed by the transferor as not being the actual mileage.

If the odometer is incapable of registering the same mileage as before the service, repair or replacement, the odometer must be adjusted to zero.

A written notice shall be attached, by the owner or an agent, to the left door frame of the motor vehicle, or other location prescribed by the department.

ODOMETER NO.   

ODOMETER HAS BEEN REPAIRED OR
REPLACED AND SET TO ZERO ON:

DATE

PRIOR TO REPAIR OR REPLACEMENT
MILEAGE WAS:

MILEAGE

OWNER OR AGENT
UNLAWFUL TO REMOVE OR ALTER
Federal Law 92-513 Title IV Sec. 407

The notice shall specify the vehicle's mileage prior to the service, repair or replacement of the odometer and the date on which it was serviced, repaired or replaced.

No person may remove the notice.

The seller shall disclose that the odometer reading does not reflect the actual mileage.

Odometer fraud, what can happen to you...

STATE PENALTIES

If convicted of odometer fraud in Wisconsin, the penalties include:

1. Fines

Any person who commits odometer fraud may be required to forfeit up to \$1,000 per violation.

2. Felony Record

In addition to fines, you will have a felony record because odometer fraud is a Class H felony.

FEDERAL PENALTIES

1. Criminal charges

Criminal sanctions are usually appropriate for fraudulent behavior of the sort involved in odometer fraud.

2. Civil penalties

Civil penalties of up to \$100,000 for a related series of violations

V. Wholesale Dealer Business Practices

Introduction

In this section we'll look at the types of business changes that must be reported to the Department, and the proper way to report these changes and update your dealer license.

Contact Information

Staying in touch with the Department is critical to keeping your dealership in business. You must report changes to your business **before** they occur in order to keep your license in good standing. At the same time, the Department may contact you if we have questions about your business.

The easiest way to stay in contact with us is to let us know when your phone number or email has changed. As a dealer you may have a business number or email, but we strongly encourage you to provide contact information for business owners as well.

The Dealer Licensing Unit—also known as DLU-- is available 5 days a week. You can also email them and expect a reply within 1-2 business days. They should be the first ones you call when you have questions about you license.

Your local field investigator is another valuable resource. Their contact information is available on our website, www.wisconsin.gov, by searching the phrase "dealer investigators." Dealer investigators and their territories change from time to time, so be sure to double check who your investigator is before giving them a call.

THE LAW

State law allows the Department to collect certain information about your business when issuing a license. This information includes your physical location, the names of all owners, legal business name, and applications for any salvage pool buyers (BID Card licensees) you may employ.

Under the law, **before** you make changes to this type of information, you **must** report it to the Department so we can review the changes and make necessary updates to your license.

Failure to report changes on time can result in monetary forfeitures. Failure to report changes may also interrupt your business activities or result in suspension or revocation of your license.

Please keep your telephone number and email up to date with our office. If you change your contact information, let us know!

Dealer Licensing Unit Contact Information

Monday – Friday, 7:30 a.m. – 4:30 p.m. (except legal holidays)

(608) 266-1425

dealerlicensingunit@dot.wi.gov

CHANGES TO YOUR BUSINESS LICENSE

Whenever you are planning to make any of the following business changes, you must contact



Application for a license under this section shall be made to the licensor, at such time, in such form and with such information as the licensor shall require and shall be accompanied by the required fees.

Wisconsin Statutes §218.0114(4)



Before changing the location of a place of business...

Whenever a licensed dealer, distributor or manufacturer discontinues or disposes of his or her business...

Any dealer, distributor, manufacturer or transporter who fails to comply with the requirements of this section may be required to forfeit not less than \$100 nor more than \$200.

Wisconsin Statutes §218.0119

DLU to report the change:

- *Changes in ownership*- this includes **majority** ownership changes, where more than 50% of the business is changing hands, and **minority** ownership changes involved less than 50% stake in the business. **Any change** in percentage ownership between owners, no matter how small, must be reported.
- *Changes in location*: You are only licensed to operate your business at the address printed on your dealer certificate. When you relocate, you will either move to a location within the same municipality (moving from one location in Milwaukee to another location in Milwaukee), or you will relocate to a new municipality (moving from Milwaukee to a location in Waukesha).
- *Changes in business name*: As a business, you will have a legal business name as it is registered with state and federal agencies. You may also have a DBA, or “doing business as”, which you use to conduct business.
- *Changes in who works for you as a Salvage Pool Buyer (BID Card Licensee)*
- *When going out of business*

CHANGE TO YOUR BUSINESS LICENSE – FEES AND FORMS

When you need to report these changes, you may ask yourself: “How do I report it? And what does it cost?”

For some changes, there are no costs involved. For others, the fee can range from a few dollars to potentially hundreds of dollars.

Let’s look at each change in more detail.

**All changes listed below must be reported to DLU,
but only some require forms and / or fees.**

Type of Business Change	Forms Required?	Fees Required?
Majority Ownership	Yes (new application)	Yes
Minority Ownership	Yes	No
Relocation - same municipality	Yes	No
Relocation - different municipality	Yes	Yes
Legal Business Name	Yes (new application)	No
DBA	No	No
Add a BID card holder	Yes	Yes
Remove BID card holder	No	No
Out-of-business	Yes	No

The type of forms needed will vary depending upon the change being made. Contact DLU for assistance.

Majority ownership changes:

The Department must re-evaluate a dealer’s license when **majority ownership changes** occur, so you must submit an entirely new application with fees, the same you did when initially applying for your license.

Minority ownership changes:

Do not require a new application, but paperwork must be submitted to identify the owners or ownership percentages.

Keep in mind, whenever a new owner is added to a license, they will need to take the Wholesale Dealer Training Course and pass the Wholesale Knowledge exam prior before the license will be approved.

Relocation:

Whenever you move your business, some paperwork is required. If you move your business to a new location within the same municipality there is no fee. If you move to a new municipality a \$20 fee is required.

Changing business name:

When changing your **DBA** there is no fee, but you must send DLU a written statement (by mail or email).

When changing your **legal business name**, an entirely new application is required. There is no fee. In addition, the change must be reported to the Department of Financial Institutions, a new bond must be issued, and your lease must be updated. Additional paperwork may also be required by your local municipality.

Adding and remove Buyers:

Removing a Buyer doesn't cost anything. Give DLU a call if you need to remove someone from your license.

Adding new Buyers requires a Buyer's application and fees.

Putting yourself out of business:

At some point in the future you might decide to stop doing business as a wholesaler. There is no fee to report going out of business, but we do ask you to fill out some paperwork and arrange with your Field Investigator to have them pick up your license materials and dealer plates.

The type of paperwork you'll need to fill out to report each of these changes varies, from a single piece of paper to an entirely new application. Call DLU and let them know what you need to change, and they'll provide you with the forms you need.

CHANGING BUSINESS TYPE

Sometimes, dealers want to change their business type. This often happens if a wholesaler later decides they want to sell vehicles at retail. Retail motor vehicle dealers can do everything wholesale dealers can do, plus they can sell to retail customers.

If someday you decide you want to make this change, there are a few things to keep in mind:

- Applying to be a retail dealer will require a new **application**. You will need to submit a new application, new fees, and submit to a new training and inspection process.
- Retail dealers have additional business facility requirements, such as having interior business space for display and service of motor vehicles. For wholesalers, this often means changing your business location to meet these requirements.
- Retail dealers need a \$50,000 bond.
- You do not need both a retail and wholesale dealer license. Everything you can do with a wholesale dealer license you can do with a retail dealer license. Retailers have the added benefit of a larger customer base, but that also means increased responsibility to doing business the right way.

For more information about the retail dealer application process, contact DLU.

VI. Surety Bonds

Introduction

In this section we'll discuss the importance of your surety bond, and how the Department uses this bond when dealers break the law.

A surety bond is an agreement between yourself, a surety company, and the Department that allows for certain monetary claims to be made against you if you violate state law.

A similar document, the Irrevocable Letter of Credit (or ILOC), is an agreement between yourself, the Department, and a financial institution, such as a bank or credit union.

The surety bond and ILOC serve the same purpose. During this section, you can assume anything said about the surety bond can also be said about the ILOC, unless stated otherwise.

The purpose of the bond

So, what does a bond do? How does it compare to insurance?

Sometimes dealers mistake a surety bond as a form of insurance. However, they are not the same.

- *Insurance* offers protection to the dealer against financial loss. A claim is filed to the insurance agent and then paid out to the dealer. The dealer pays a premium for the insurance, but they do not pay the insurance company back on any claims paid out.
- A *surety bond* offers protection for the consumer or the Department against a dealer who violates certain laws. If a bond claim is made against a dealer, the dealer could find themselves responsible for paying thousands of dollars to resolve a claim. We'll discuss this process in more detail in just a minute.

BOND IS REQUIRED BY LAW

State law, Wis. Stat. §218.0114(5)(c), requires dealers to keep a bond in force as long as they remain licensed. For wholesale dealers, a minimum \$25,000 bond is needed. Sometimes dealers are required by the Department to keep supplemental bonds, especially if they show a lack of financial responsibility. For example, if you pass numerous bad checks to the Department to pay for your licenses or other DMV materials, the Department can require you to increase your bond amount.

Failure to keep a bond in force can lead to suspension or revocation of your license.

OTHER THINGS TO KNOW ABOUT YOUR BOND

Here are some other things you should know about your bond.

1. You must submit the original bond with your dealer application. This is kept on file by the Department in case it is needed later. Copies of bonds are not accepted. If you make changes to your bond, or you get a different bond later, all original documents must also be submitted to the Department.
2. If you look at your bond, you'll find that the expiration date reads "CONTINUOUS." This means the bond never expires unless you or your surety company cancels it. You will be notified when your bond is cancelled. It is your responsibility to work with the bond company to reinstate the bond or find a new bond.

(The exception to this rule is the Irrevocable Letter of Credit or ILOC. ILOCs will always have a set expiration date, usually 1 or 2 years from the date issued. ILOCs need to be regularly renewed to stay valid.)

3. Every year the bond is in force, the full amount of the bond can be drawn against it in order to make claims. For example, if you had a bond in force in 2020, a total of \$25,000 in claims could be made against the bond during the calendar year. If the bond remains in force for 2021, another \$25,000 in claims can be made against the bond.
4. Bond claims can be made whenever a dealer violates part of Wisconsin State Statute 218. As a wholesale dealer this should not happen because you do not sell vehicles to the general public. However, it is important to understand that the consumer does not need to be a Wisconsin resident to file a claim because you are a Wisconsin wholesale dealer.

SO, TO RECAP:

- You must have a minimum \$25,000 bond
- The bond never expires, unless you or the surety company decide to cancel it.
- The Department keeps all original bond documents on file in case they are needed.
- Any retail consumer can file a claim against your bond if there is proof of a violation.

How is the Bond used?

At this point you might be asking yourself: how *is* a bond actually used? What happens when someone files a claim against my bond?

Now let's all take a deep breath: bond claims are relatively uncommon, and if you are doing business right, you'll likely never see a claim made against you. However, bond claims are an important tool used for consumer protection, and it's important to understand how and when they are used.

Let's take a look at the bond claims process.

- In order for a bond claim to be filed it has to meet certain criteria. Claims occur when the dealer violates the law, and that violation results in a monetary loss for a customer, but it can't be any law. It has to be a law that is part of Wis. Stat. 218.0116—the part of the law related to the buying and selling of motor vehicles. For example, a wholesale dealer selling to a private customer violates Wis. Stat. 218.0116, because that is an unlicensed retail sale. However, if a dealer owes back rent to their landlord, that is not a valid reason to file a bond claim.

Most bond claims happen when a field investigator is unable to resolve a violation of the law with the dealer directly.

- After the bond claim is filed, it goes before a judge. They will review the claim and any related evidence and come to a decision. If they determine the dealer violated the law and the customer is owed money, they will order the surety company to pay the customer.
- After the surety company pays out the claim, they will go after the dealer to recover the paid claim amount. This is really important to understand. **This is not insurance.** You as the dealer are not off the hook with bond claims. If a judge orders a \$10,000 claim to be paid to a customer, the surety company will pursue *you* to recover their \$10,000 in losses.
- Dealers who face bond claims will often have their bond cancelled. Since bond coverage is required as part of your dealer license, a bond claim can threaten the existence of your business.

Keep doing business The Right Way and you'll never have to worry about a bond claim.

Dealers must maintain continuous bond coverage while in business.

Your surety company can cancel your bond for a variety of reasons, but they must give you and the department 60-days' notice prior to the cancellation date. The department will send you a notification if the bond is 14 days from cancellation.

If your bond is canceled and you do not have it reinstated or replace it with comparable coverage, your license may be revoked.

If you receive a cancellation notice, contact your surety company to determine if they might be willing to reinstate the bond. If they cannot, find another surety company to issue a new bond. [You can find a list of companies willing to issue dealer bonds on the department website.](#)

You cannot have a gap in bond coverage. If you obtain a new bond, it must have a start date no later than the cancellation date of your previous bond.

If you have questions about your bond, contact the Dealer Licensing Unit.

VII. Dealer Plates

Introduction

Think ahead to when you'll buy your first car at an auto auction. Have you thought about how you will get it back to your dealership?

You need a dealer plate in that situation, and in some others. You also need to know how to properly use those plates to avoid getting into trouble. In this section we'll discuss the proper use of dealer plate.

ANATOMY OF A PLATE



- All motor vehicle dealers, motorcycle dealers, recreational vehicle dealers, and wholesale dealers in the state of Wisconsin receive two dealer plates when they are first licensed. In order to identify the dealer type, each plate has a prefix stamped on the left-hand side. As a wholesale dealer, your plates will be stamped with the letters “WH.”

The bottom of the plate is stamped with the word “dealer” to distinguish it from standard vehicle plates.

- Every dealer is assigned a unique number, their license number. This number never changes. The number will appear on your dealer license, and it also stamped onto each dealer plate.
- In order to tell your dealer plates apart, each plate will also have stamped an “alpha” character, starting with “A” and continuing through the alphabet.
- Notice that, unlike the plates on your personal vehicle, there are no registration stickers. Dealer plates are always set to expire at the same time as your dealer license, and stickers are not issued.

When can I use my dealer plates?

Dealer plates are different from standard vehicle registration because they are part of the business license, and they are not tied to any single vehicle. However, this means their use is limited to business-related activities.

So when can you use your plates?

- The vehicle is in transit from the selling dealer to the purchasing dealer
- The vehicle is in transit from an auto auction to the dealership

- The vehicle is in transit between the wholesale dealer and a repair facility, body shop, car wash, or auto parts store

The uses of dealer plates are clearly stated in Wisconsin Statute 341.47.

You cannot use dealer plates for personal business.

You cannot place dealer plates on vehicles personally titled to you, your friends, or family.

It can lead to costly fines and could put your license at risk. Remember, that dealer plate is tied directly to *your business*. **Whatever happens to a vehicle when it carries a dealer plate, comes back to the dealer!**

Wisconsin Statute 341.47 authorizes the use of dealer plates for operation of vehicles "on the highways of this state."

If you intend on operating a dealer vehicle outside the state of Wisconsin, you are responsible for understanding local vehicle registration laws and know what you can, and cannot, do with that dealer plate.

The state of Illinois has informed the department that Illinois does not recognize Wisconsin wholesale dealer plates for use on highways in that state.

Lost or Stolen Plates

If you're in business long enough, you will likely lose a dealer plate. Perhaps you suspect it was stolen. What should you do?

We recommend contacting local law enforcement where the plate was lost or stolen to file a report. This will help protect you in case the lost plate is used by someone with bad intentions.

You also must contact the Dealer Licensing Unit (DLU) to report the plate as lost or stolen. They will remove the plate from your dealer record.

You may also want to replace the missing plates. Or maybe you don't have any missing plates, but business has been good lately and you decide you need to order some more dealer plates. You can request additional plates by submitting a MV2176 form with a check or money order to DLU. Since plates are made-to-order, it takes approximately 30 days to process and mail the plates to you.

If you have any questions regarding dealer plates, you can always contact DLU.

Misusing and Suspending Plates

If you are using your plates improperly, you can face a fine up to \$200 per violation. You may also face enforcement action against your license for violations related to Wisconsin Statute 218.0116.

There are some situations which can also cause your dealer plates to be suspended. This would not allow you to use them *for any reason*. Some of those situations occurs when:

- Unpaid parking citations against **any** dealer plate is reported to the Department
- You are delinquent in making court-order child support payments, taxes, or
- Unemployment insurance contributions (Wis. Stat. §341.51(4m))

Suspension of your plates will cause interruptions to your business, and it can take time to have them reinstated. Pay your parking tickets and avoid the hassle to begin with!

VIII. Renewal and Recap

Introduction

In this last section of the course, we will recap the key takeaways from this course and discuss what happens next.

COURSE REVIEW

During today's course we covered a variety of topics important to the success of your wholesale dealership. These materials will be made available to you after the course if completed, so you can regularly return to them for review and to help answer questions you may have.

Let's review some of the key points discussed in today's course.

Key Takeaways

1. As a wholesale dealer, your customers include motor vehicle dealers, motor vehicle salvage dealers, and other wholesale dealers. **You are not licensed to sell vehicles to the general public, your friends, or family.**
2. You must follow federal and state law when transferring vehicle titles, and when completing odometer disclosures. Failure to follow the law can have serious consequences, including the loss of your license.
3. Any major changes to your business—such as ownership, location, legal name, or if you decide to go out of business—must be reported to the Department. Contact DLU so they can provide you with the necessary forms and information to make these changes.
4. As a wholesale dealer, you are required to maintain in force a \$25,000 surety bond or ILOC. This bond is used to protect customers when dealerships break the law. Failure to maintain a bond or ILOC can lead to the suspension or loss of your license.
5. Dealers must keep certain types of business records for at least five years. These include ownership documents, Wholesale Buyers Guides, auction block tickets, odometer statements, and your logbook. The Department may request these records for review as needed.
6. Your dealer plates are for business related purposes only. You cannot use these plates on personal vehicles. **If you intend on using these plates outside of Wisconsin, you are responsible for understanding local vehicle registration laws.**
7. The Department has many resources available to you. Contact DLU if you have questions related to your business license. Visit our website, www.wisconsin.gov, to find additional dealer resources such as business forms. The email address you provided with your initial application will be used to send your relevant Department emails. If you have another email address that you would like to sign up to receive alerts, please let your trainer know at the end of this course.

What's Next?

Completing today's course is a major step toward obtaining your license. Here's what happens next.

After your license and facility are approved, your physical dealer certificate and BID card licenses will be mailed to your business address in 7-10 days. At this time, we are unable to email these certificates to you, and we cannot mail certificates to any address other

than the business address listed on your application. If you don't receive these certificates by mail within two weeks, please contact DLU for assistance.

Dealer plates will arrive by mail approximately 3-4 weeks after your certificates.

Once the license is approved, congratulations! You are ready to start business as a Wisconsin Wholesale Dealer!