



The Economic Justice Project (EJP) works on consumer issues in Washington State that affect low income individuals' abilities to access and build assets. The EJP is first addressing auto purchasing and financing fraud through community education, legislative efforts and litigation. The EJP is a project of Columbia Legal Services and funded through a generous grant from the Marquerite Casey Foundation.

## Auto Fraud in Washington State

Washington State is experiencing startling trends in car purchasing and financing fraud, trends affecting those who can least afford it. These trends are becoming visible through information EJP is gathering from consumers and hundreds of consumer complaints against auto dealers obtained through a public disclosure request to the Washington State Attorney General's Office and the Department of Licensing.

### INDUSTRY FACT

Over 20% of cars involved in fatal accidents are rebuilt and back on the road, often sold to buyers without any disclosure of the damage. (Consumer Reports)

Auto fraud is a problem in Washington State. The greatest impact is felt by low income and limited English proficient individuals who are in the market for quality used cars. However, instead of being able to purchase safe and reliable cars, unscrupulous dealers are selling poor quality cars that break down within days of purchase. Instead of being able to purchase reasonably priced cars, unscrupulous dealers are profiting off of "packing" car purchases with expensive and unnecessary add-on products that consumers think are free or discounted or don't even know of their existence. Add a language barrier and you often add thousands of dollars to the price of the car through targeted exploitive practices.

### Auto Fraud in Real Life:

**POOR QUALITY CARS:** Thirty percent of the complaints to the Department of Licensing made by consumers that EJP has reviewed have involved this issue. A vast number of poor quality cars are being sold to unsuspecting consumers, cars that are unsafe due to impending mechanical failures, cars that break down shortly after purchase, and cars that have been totaled and rebuilt, without any disclosures to the consumer. One consumer had major transmission problems only 30 minutes after driving her car off the lot and was not able to drive up a hill. When she took the car to a mechanic the next day she was told of a leak in her transmission and that the car was not safe to drive due to the tires coming unglued. When she bought the car she was told the car was in great shape.

### EJP HITS THE ROAD

We would like to come and talk to your group about auto purchasing & financing fraud, ways to avoid scams, car buying tips, and what can be done to make the process more equitable and transparent. Please contact us for more information.

**PACKING & LIMITED ENGLISH PROFICIENT INDIVIDUALS:** Jorge's story exemplifies both "packing" and scams that confront limited English proficient individuals. In his car deal he ended up paying thousands of dollars more for his car due to an unscrupulous dealer. Jorge negotiated a car deal but, before signing Jorge said he would come back with a friend to interpret the documents. The salesperson said no, he had to use their interpreter and would need to come back in two days. The dealer had him take the car home. When Jorge came back to sign the papers, the car dealer increased the price of the car by almost \$5000. The interpreter assured him there were no additional products on the car, just financing and a free warranty. Jorge refused to sign but was told he had to because he had taken the car and the loan had gone through. Jorge felt like he had no choice, so he signed. He later found out that the "free" warranty cost him over \$2000 and that he had unknowingly purchased other products. What happened to Jorge is not an isolated event. Unscrupulous car dealerships are exploiting consumers limited English abilities everyday.

Currently there are only a handful of attorneys in the state who handle auto fraud and fewer who are willing to work on used car cases. Clearly, there are not enough legal resources to deal with this issue case by case. Legislative efforts to resolve these unscrupulous practices

## Used Car Buyer's Bill of Rights Legislation

This session the EJP supported SB 6768, the Used Vehicle Buyer's Bill of Rights Act, sponsored by Senator Brian Weinstein. This legislation addressed many of the current practices and problems explained above. This legislation would have required disclosures regarding add-on products and mark-up of interest rates, dealers to translate documents into the language the deal was negotiated, and an option to purchase a right to return the car within three days.

EJP and our partners quickly organized testimony about the impact of auto fraud at the Consumer Protection and Housing Committee public hearing in February. Alicia Luna with the Washington State Commission on Hispanic Affairs discussed the positive impact this legislation would have on their constituents. Nate Marshall of Wheels to Work of Tacoma Goodwill spoke of the need for this legislation because of the experiences of his clients falling victim

tion would have on their constituents. Nate Marshall of Wheels to Work of Tacoma Goodwill spoke of the need for this legislation because of the experiences of his clients falling victim to auto fraud and although his program offers alternatives to unscrupulous practices, the non profit sector cannot remedy this situation on its own. Catherine West of the Northwest Justice Project told stories about consumers who were victims of auto fraud. Additional testimony was provided to the committee in writing.

A substitute bill that would have created a task force to study the problem was passed out of the committee. While the substitute bill did not go further, this was a good start upon which to build a broader effort in the next session. Thanks to all who helped!



#### Advisory Committee

EJP is looking for committee members to help inform and guide our advocacy. If you would like more information, please contact us.

#### EJP is Looking for Auto Fraud Stories

We are building documentation of fraudulent behaviors to inform and support our advocacy. We'd like to hear from individuals who have been scammed through any sort of auto related fraud, but in particular we are looking for stories with the following issues:

- Quality problems with a purchased car
- Paying too much for a car through financing, inflated pricing, add-ons, etc.
- Scams & practices targeting immigrants & limited English proficient individuals

If you or a client have an auto fraud story to tell, please contact us.

#### Non Profit Car Buying Help for Low-Income Individuals

**King County:** Working Wheels sells affordable used cars to eligible candidates who are employed. For more information: [www.working-wheels.org](http://www.working-wheels.org).

**Pierce County:** Wheels to Work, of Tacoma Goodwill, sells affordable used cars to low-income workers and assists with applying for low interest loans. For more information call 253.314.7791.

**Yakima County:** Ways to Work, operated by EPIC, provides small, short-term, low-interest automobile loans for repair or purchase to working poor families with challenging credit histories. For more information call (509) 895-6466 or [www.epicnet.org/waystowork.php](http://www.epicnet.org/waystowork.php).

For information and tips on purchasing cars: <http://www.atg.wa.gov/ConsumerIssues/Cars.aspx>

The newsletter updates stakeholders about the work of the EJP. If you have any comments or would like your name removed from our mailing list please contact us at 206.464.5936 ext 324 or [Victoria.Cherniak@columbialegal.org](mailto:Victoria.Cherniak@columbialegal.org).